

In the opinion of Jones Hall Hill & White, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Series A Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS" herein.

**\$69,000,000**

## REDEVELOPMENT AGENCY OF THE CITY OF BURBANK, CALIFORNIA (Golden State Redevelopment Project) Tax Allocation Bonds, 1993 Series A

Dated: June 1, 1993

Due: December 1, as shown below

The Series A Bonds will be payable on June 1 and December 1 of each year, commencing on December 1, 1993. The Series A Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases of the Series A Bonds will be made in book-entry form only in the principal amount of \$5,000 and integral multiples thereof. Beneficial owners of the Series A Bonds will not receive bond certificates representing their interests in the Series A Bonds purchased, but will receive a credit balance on the books of the nominees of such purchasers. Principal of and interest on the Series A Bonds will be paid by the Trustee (hereinafter defined) to DTC, which will in turn remit such principal and interest to DTC Participants for subsequent disbursement to the beneficial owners of the Series A Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Series A Bonds are being issued under the Indenture of Trust, dated as of May 1, 1993 (the "Indenture"), by and between the Redevelopment Agency of the City of Burbank, California (the "Agency") and First Interstate Bank of California, Los Angeles, California, as trustee (the "Trustee").

The Series A Bonds are being issued (i) to refund the Agency's previously issued Golden State Redevelopment Project First Lien Tax Allocation Bonds, 1985 Series A, originally issued in the aggregate principal amount of \$23,500,000, and Golden State Redevelopment Project Second Lien Refunding Tax Allocation Bonds, 1985 Series A, originally issued in the aggregate principal amount of \$19,940,000, (ii) to finance additional public improvements in the Golden State Redevelopment Project, (iii) to fund the Special Escrow Fund, (iv) to fund the Reserve Account and (v) to pay certain costs of issuance of the Series A Bonds, as more fully described herein. See "PLAN OF FINANCING" herein.

The Series A Bonds will constitute special obligations of the Agency, equally and ratably secured by an irrevocable pledge of certain Tax Revenues (as defined herein) derived from the Agency's Golden State Redevelopment Project Area and other funds as provided in the Indenture pursuant to which the Series A Bonds are being issued, all as more fully described herein.

THE SERIES A BONDS ARE NOT A DEBT OF THE CITY OF BURBANK, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS, AND NEITHER THE CITY OF BURBANK, THE STATE OF CALIFORNIA NOR ANY OF ITS POLITICAL SUBDIVISIONS IS LIABLE THEREON. IN NO EVENT SHALL THE SERIES A BONDS OR ANY INTEREST OR REDEMPTION PREMIUM THEREON BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THOSE OF THE AGENCY PLEDGED UNDER AND TO THE EXTENT REQUIRED BY THE INDENTURE.

The Series A Bonds are subject to redemption prior to maturity as described herein. See "THE SERIES A BONDS — Redemption."

This cover page contains certain information for general reference only. It is not a summary of the security or terms of this issue. Investors are advised to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

**MATURITY SCHEDULE****\$13,270,000 Serial Series A Bonds**

Due (December 1)	Principal Amount	Interest Rate	Price	Due (December 1)	Principal Amount	Interest Rate	Price
1993	\$ 410,000	2.75%	100.000%	2000	\$1,070,000	5.10%	99.385%
1994	830,000	3.25	100.000	2001	1,130,000	5.20	98.986
1995	865,000	3.90	99.764	2002	1,185,000	5.30	98.899
1996	895,000	4.25	99.839	2003	1,250,000	5.40	98.818
1997	930,000	4.50	99.597	2004	1,315,000	5.50	98.744
1998	975,000	4.75	99.522	2005	1,390,000	5.60	98.675
1999	1,025,000	5.00	99.725				

\$4,655,000 5.75% Term Series A Bonds due December 1, 2008 @ 98.989%  
\$9,775,000 6.00% Term Series A Bonds due December 1, 2013 @ 99.416%  
\$30,590,000 6.00% Term Series A Bonds due December 1, 2023 @ 98.250%  
\$10,710,000 6.25% Term Series A Bonds due December 1, 2024 @ 100.000%  
(Accrued Interest to be Added)

The Series A Bonds are offered when, as and if issued and received by the Underwriters, subject to the approval as to their legality by Jones Hall Hill & White, A Professional Law Corporation, San Francisco, California, Bond Counsel and to certain other conditions. Certain legal matters will be passed upon for the Agency and the City by the City Attorney and for the Underwriters by their counsel, Brown & Wood, San Francisco, California. It is anticipated that the Series A Bonds, in book-entry form, will be available for delivery to DTC in New York, New York on or about June 3, 1993.

**DEAN WITTER REYNOLDS INC.****RAUSCHER PIERCE REFSNES, INC.****DONALDSON, LUFKIN & JENRETTE  
SECURITIES CORP.**

Dated: May 12, 1993



No dealer, broker, salesperson or other person has been authorized by the Agency or the Underwriters to give any information or to make any representations other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series A Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Series A Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth herein has been obtained from official sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriters. The information and expressions of opinions herein are subject to change without notice and neither delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Agency or any other parties described herein since the date hereof.

All summaries of the Indenture and documents referred to in this Official Statement are made subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. This Official Statement, including any supplement or amendment hereto, is intended to be deposited with one or more repositories.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES A BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.



## **REDEVELOPMENT AGENCY OF THE CITY OF BURBANK, CALIFORNIA**

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### **Members of the Agency Board and City Council**

George Battey, Chairman - Mayor  
Bill Wiggins, Vice Chairman - Vice Mayor  
Robert R. Bowne, Member - Councilmember  
Dave Golonski, Member - Councilmember  
Susan E. Spanos, Member - Councilmember

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### **Agency and City Staff**

Robert R. Ovrom, Executive Director - City Manager  
Robert Tague, Assistant Executive Director - Deputy City Manager/  
Community Development Director  
Jim Rogers, Agency Treasurer - City Treasurer  
Margaret M. Lauerman, Agency Secretary - City Clerk  
Joseph W. Fletcher, Agency Attorney - City Attorney  
Stephen W. Helvey, Assistant City Manager  
John K. Nicoll, Management Services Director  
Alvin E. Holliman, Financial Services Director

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### **PROFESSIONAL SERVICES**

#### **Bond Counsel**

Jones Hall Hill & White, A Professional Law Corporation  
San Francisco, California

#### **Financial Advisor**

Evensen Dodge Inc.  
Costa Mesa, California

#### **Trustee**

First Interstate Bank of California  
Los Angeles, California



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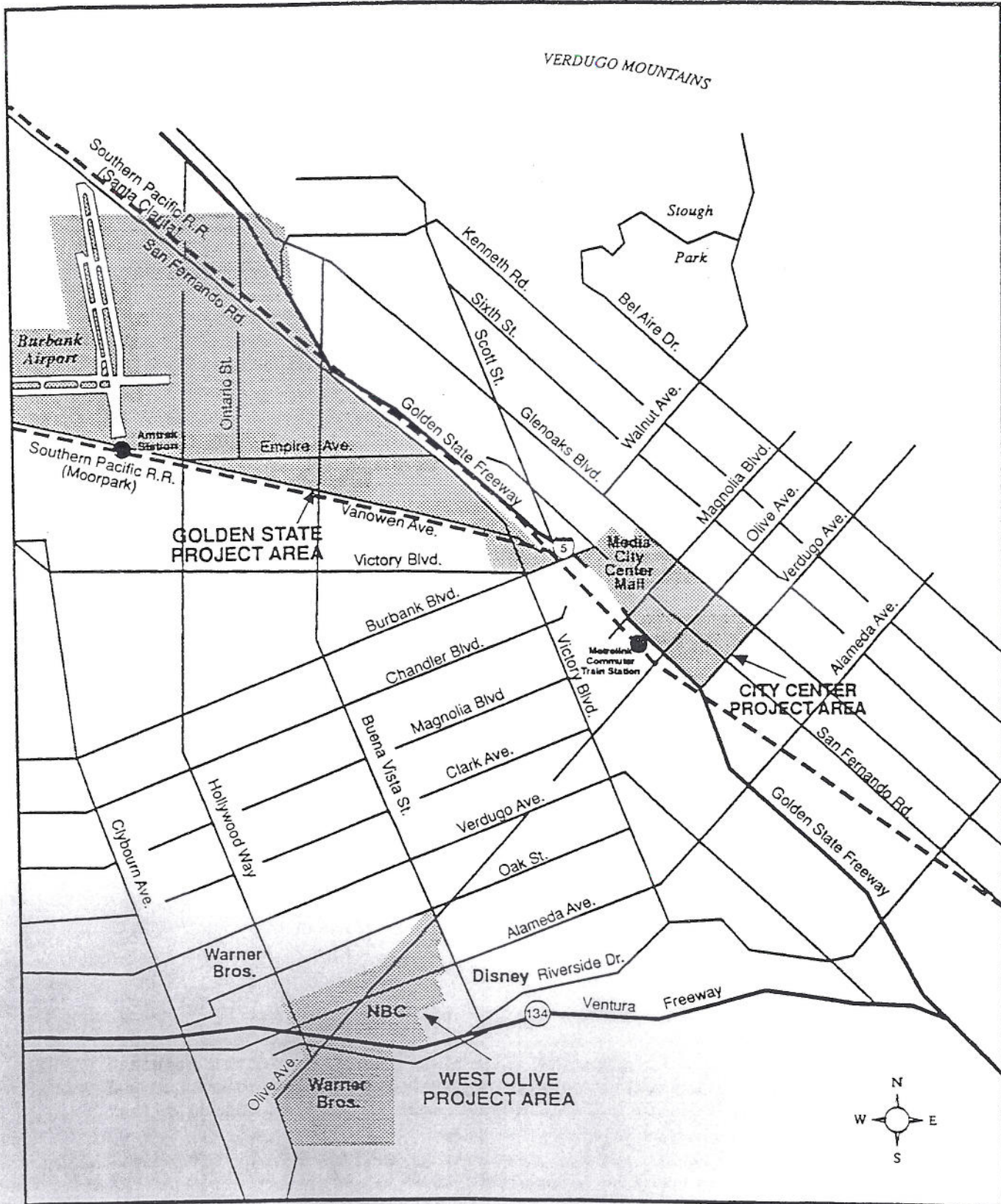
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## LOCATION MAP



City of Burbank



## OFFICIAL STATEMENT

**\$69,000,000**

**REDEVELOPMENT AGENCY OF THE CITY OF BURBANK, CALIFORNIA  
(Golden State Redevelopment Project)  
Tax Allocation Bonds, 1993 Series A**

### INTRODUCTION

This introduction is subject in all respects to the more complete information contained elsewhere in this Official Statement, and the offering of the Series A Bonds (as defined below) to potential investors is made only by means of the entire Official Statement. Terms used in this Official Statement and not otherwise defined shall have the respective meanings assigned to them in the Indenture (as defined below).

This Official Statement, including the cover page and the appendices hereto, is provided to furnish information in connection with the sale by the Redevelopment Agency of the City of Burbank, California (the "Agency"), of its Golden State Redevelopment Project Tax Allocation Bonds, 1993 Series A (the "Series A Bonds"), in the aggregate principal amount of \$69,000,000. The Series A Bonds are being issued pursuant to the authority granted by the constitution and laws of the State of California (the "State"), including the Redevelopment Law, described below, and in accordance with the terms and conditions of an Indenture of Trust, dated as of May 1, 1993 (the "Indenture"), by and between the Agency and First Interstate Bank of California, Los Angeles, California, as trustee (the "Trustee"). The Series A Bonds are being issued for sale to the Burbank Public Financing Authority pursuant to the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 7 of Title 1 (commencing with Section 6584 of the California Government Code (the "JPA Law")).

### **The Agency and the Redevelopment Project**

The Agency was activated by the City Council of the City of Burbank (the "City Council") in 1970 pursuant to the Community Redevelopment Law of the State of California (Part I, commencing with Section 33000, of Division 24 of the California Health and Safety Code) (the "Redevelopment Law"). The City Council serves as the Governing Board of the Agency and the City Manager of the City of Burbank (the "City") serves as the Executive Director of the Agency. Day-to-day activities are carried out by the Agency staff. See "THE AGENCY" herein for additional information.

On December 19, 1970, pursuant to Ordinance No. 2269, the City adopted its Redevelopment Plan for the Golden State Redevelopment Project (the "Redevelopment Plan"). The Golden State Redevelopment Project (the "Redevelopment Project") encompasses the major industrial section of the City



and consists of approximately 1,107 acres in 464 non-contiguous parcels, representing approximately 10.12% of the total acreage in the City (the "Project Area"). Within the boundaries of the Redevelopment Project are industrial and commercial firms and the Burbank-Glendale-Pasadena Airport. See "GOLDEN STATE REDEVELOPMENT PROJECT" for additional information.

### **The Series A Bonds**

The Series A Bonds are being issued for the purpose of providing funds to advance refund the outstanding principal amount of the Agency's Golden State Redevelopment Project First Lien Tax Allocation Bonds, 1985 Series A, originally issued in the aggregate principal amount of \$23,500,000, of which \$16,140,000 currently remain outstanding (the "First Lien Bonds"), and the Agency's Golden State Redevelopment Project Second Lien Refunding Tax Allocation Bonds, 1985 Series A, originally issued in the aggregate principal amount of \$19,940,000, of which \$16,345,000 currently remain outstanding (the "Second Lien Bonds," and together with the First Lien Bonds are referred to herein as the "Prior Bonds"), all as more fully described under "PLAN OF FINANCING" herein. A portion of the Series A Bond proceeds will also be used to finance additional public improvements in the Project Area, to fund the Special Escrow Fund and the Reserve Account and to pay costs of issuance of the Series A Bonds.

A portion of the Series A Bond proceeds equal to the principal amount of the Series A Term Bond maturing on December 1, 2024 (the "Term Bond of 2024") will be initially deposited in the Special Escrow Fund and held by the Trustee. The amounts deposited in the Special Escrow Fund will be invested and released all as more fully described in "SECURITY FOR THE SERIES A BONDS -- Special Escrow Fund" herein. To effectuate the release of moneys from the Special Escrow Fund, then current fiscal year Tax Revenues must be at least equal to \$6,234,559, which is the amount of Tax Revenues which the Agency expects to receive in fiscal year 1992-93. The Agency expects that the amounts deposited in the Special Escrow Fund will be released on December 1, 1995, which is the first date that such amounts may be released under the Indenture.

Parity Obligations may be offered on a parity with the Series A Bonds. See Appendix D - "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS" for the terms under which such Parity Obligations may be issued.

### **Tax Allocation Financing**

The Redevelopment Law provides a means for financing redevelopment projects based upon an allocation of taxes collected within a project area. The taxable valuation of a project area last equalized prior to adoption of the redevelopment plan, or base roll, is established and, except for any period during which the taxable valuation drops below the base year level, the taxing agencies thereafter receive the taxes produced by the levy of the then current tax rate upon the base roll. Taxes collected upon any increase in taxable valuation over the base roll are allocated to a redevelopment



agency and may be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing or refinancing a redevelopment project. Redevelopment agencies themselves have no authority to levy property taxes and must look specifically to the allocation of taxes produced as above indicated.

Any future decrease in the assessed valuation in the Project Area, the applicable tax rates or tax collection rates, a general decline in the economic stability of the Project Area or a change in law reducing tax increment received by the Agency from the Project Area, will reduce the Tax Revenues (as more particularly described under the caption "SECURITY FOR THE SERIES A BONDS") allocated to the Agency from the Project Area and correspondingly would have an adverse impact on the ability of the Agency to pay debt service on the Series A Bonds which are the principal source of payment for the Series A Bonds. See "RISK FACTORS" and "LIMITATIONS ON TAXES AND APPROPRIATIONS."

Based on current fiscal year valuation as shown on the assessed rolls of the County Assessor, the Tax Revenues expected to be received during the fiscal year 1992-93 are approximately \$6,234,559 and are expected to provide coverage of approximately 1.50 times Maximum Annual Debt Service (as defined in the Indenture) on the Series A Bonds, exclusive of debt service on the Term Bond of 2024. See "TAX REVENUES AND BOND RETIREMENT -- Estimated Debt Service and Coverage" herein for additional information.

Certain capitalized terms used herein are defined under the heading Appendix D -- "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS." Capitalized terms used but not defined herein shall have the respective meanings ascribed to them in the Indenture. Summaries of the Indenture and other documents contained herein are subject to the provisions of such documents and do not purport to be complete statements of any or all of such provisions. The Indenture and other documents referred to in this Official Statement are available from the Agency or the Trustee.

#### **PLAN OF FINANCING**

The Series A Bonds are being issued by the Agency to advance refund the Prior Bonds, to finance additional public improvements in the Project Area, to fund the Special Escrow Fund and the Reserve Account and to pay costs of issuance of the Series A Bonds.

**Refinancing of the First Lien Bonds.** A portion of the proceeds of the Series A Bonds, together with certain other amounts held under Resolution No. R-1345 adopted on November 26, 1985 (the "First Lien Resolution"), will be deposited in an escrow account (the "First Lien Escrow Account") held by Bank of America National Trust and Savings Association, as escrow bank (the "Escrow Agent"), and administered pursuant to an Escrow Deposit and Trust Agreement (First Lien Bonds), dated the delivery date of the Series A Bonds, by and between the Agency and the Escrow Agent. Moneys placed in the First

Lien Escrow Account will be used to purchase certain federal securities the principal and interest of which will be sufficient, together with any uninvested cash, to pay the principal or the redemption price, as the case may be, and accrued interest on the First Lien Bonds as the same become due.

**Refinancing of the Second Lien Bonds.** A portion of the proceeds of the Series A Bonds, together with certain other amounts held under Resolution No. R-1346 adopted on November 26, 1985 (the "Second Lien Resolution"), will be deposited in an escrow account (the "Second Lien Escrow Account") held by and administered pursuant to an Escrow Deposit and Trust Agreement (Second Lien Bonds), dated the delivery date of the Series A Bonds, by and between the Agency and the Escrow Agent. Moneys placed in the Second Lien Escrow Account will be used to purchase certain federal securities the principal and interest of which will be sufficient, together with any uninvested cash, to pay the principal or the redemption price thereof, as the case may be, and accrued interest on the Second Lien Bonds as the same become due.

#### **Effect of Defeasance**

The First Lien Bonds shall remain the special obligation of the Agency until paid or redeemed, but shall be payable solely from the funds deposited in the First Lien Escrow Account held by the Escrow Agent, and shall not be payable from any other funds of the Agency. The Second Lien Bonds shall remain the special obligation of the Agency until paid or redeemed, but shall be payable solely from the funds deposited in the Second Lien Escrow Account held by the Escrow Agent, and shall not be payable from any other funds of the Agency. Under no circumstances will amounts held by the Escrow Agent be available to pay debt service on the Series A Bonds.



## ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds, excluding accrued interest, are as follows:

### Sources:

Principal Amount of the Series A Bonds	\$69,000,000.00
Available Funds(1)	<u>21,448,145.77</u>
Total	<u>\$90,448,145.77</u>

### Uses:

Deposit to First Lien Escrow Account	\$17,701,238.90
Deposit to Second Lien Escrow Account	19,664,809.93
Deposit to Redevelopment Fund	36,549,489.94
Deposit to Special Escrow Fund	10,710,000.00
Deposit to Reserve Account(2)	4,160,400.00
Deposit to Costs of Issuance Account	260,000.00
Original Issue Discount	734,977.00
Underwriters' Discount	<u>667,230.00</u>
Total	<u>\$90,448,145.77</u>

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- (1) Represents amounts held in certain funds and accounts under the First Lien Resolution and the Second Lien Resolution.
  - (2) Represents the Reserve Requirement on the Series A Bond proceeds, exclusive of the portion of the Series A Bond proceeds deposited in the Special Escrow Fund. See "SECURITY FOR THE SERIES A BONDS -- Special Escrow Fund" herein.

## THE SERIES A BONDS

### General

The Series A Bonds will be dated June 1, 1993, and will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof. Interest on the Series A Bonds will be payable on June 1 and December 1 of each year, commencing on December 1, 1993. Each Series A Bond shall bear interest from the interest payment date next preceding the date of registration and authentication thereof unless (i) such date of registration and authentication is an interest payment date, in which case it shall bear interest from such date, (ii) such date of registration and authentication is prior to an interest payment date and after the close of business on the fifteenth (15th) day of the month preceding such interest payment date, in which event it shall bear interest from such interest payment date, or (iii) such date of registration and authentication is on or prior to November 15, 1993 in which event it shall bear interest from June 1, 1993.

Except as described herein under the caption "BOOK-ENTRY ONLY SYSTEM" interest on the Series A Bonds shall be paid by the Trustee (out of the appropriate funds) by check mailed to the registered owner as his name and address appear on the Bond registration records kept by the Trustee at the close of business on the fifteenth (15th) day of the month preceding each interest payment date. Principal of and any redemption premium on the Series A Bonds are payable in lawful money of the United States of America at the corporate trust office of the Trustee in Los Angeles, California upon their surrender at that office. For a description of the manner of payment of the principal of and interest on the Series A Bonds while they are in book-entry only form, see "BOOK-ENTRY ONLY SYSTEM" herein.

Subject to prior redemption as hereinafter discussed, the Series A Bonds will mature on the dates and in the principal amounts shown on the cover of this Official Statement.

#### **Form and Registration**

The Series A Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases of Series A Bonds will be made in book-entry form only in the principal amount of \$5,000 and integral multiples thereof. Beneficial owners of the Series A Bonds will not receive bond certificates representing their interests in the Series A Bonds purchased, but will receive a credit balance on the books of the nominees of such purchasers.

Subject to the limitations described under the caption "BOOK-ENTRY ONLY SYSTEM" herein, Series A Bond registration may be transferred, and any Series A Bond may be exchanged for Series A Bonds of the same maturity of other authorized denominations and/or cancelled at the office of the Trustee in the manner and with the effect set forth in the Indenture.

#### **Redemption**

Optional Redemption. Series A Bonds maturing on or before December 1, 2003 are not subject to optional redemption prior to maturity. The Series A Bonds maturing on or after December 1, 2004 shall be subject to redemption in whole on any date, or in part on any Interest Payment Date, in inverse order of maturity and by lot within a maturity at the option of the Agency, from any source of funds, on or after December 1, 2003, at a redemption price (expressed as a percentage of the principal amount of the Series A Bonds to be redeemed), together with interest accrued thereon to the date of redemption, as follows:

<u>Redemption Dates</u>	<u>Redemption Price</u>
December 1, 2003 through November 30, 2004	102%
December 1, 2004 through November 30, 2005	101
December 1, 2005 and thereafter	100



Sinking Account Redemption. The Series A Bonds maturing on December 1, 2008 are also subject to sinking account redemption in part by lot on December 1 in each year commencing December 1, 2006 from the payments made by the Agency according to the Sinking Account payment schedule provided below, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest, if any, to the redemption date, without premium, or in lieu thereof shall be purchased as described below, in the aggregate respective principal amounts and on the respective dates as set forth in the following table:

**Series A Bonds Maturing on December 1, 2008**

<u>Year</u> <u>(December 1)</u>	<u>Amount</u>
2006	\$1,465,000
2007	1,550,000
2008 (Maturity)	1,640,000

The Series A Bonds maturing on December 1, 2013 are also subject to sinking account redemption in part by lot on December 1 in each year commencing December 1, 2009 from the payments made by the Agency according to the Sinking Account payment schedule provided below, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest, if any, to the redemption date, without premium, or in lieu thereof shall be purchased as described below, in the aggregate respective principal amounts and on the respective dates as set forth in the following table:

**Series A Bonds Maturing on December 1, 2013**

<u>Year</u> <u>(December 1)</u>	<u>Amount</u>
2009	\$1,735,000
2010	1,840,000
2011	1,945,000
2012	2,065,000
2013 (Maturity)	2,190,000

The Series A Bonds maturing on December 1, 2023 are also subject to sinking account redemption in part by lot on December 1 in each year commencing December 1, 2014 from the payments made by the Agency according to the Sinking Account payment schedule provided below, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest, if any, to the redemption date, without premium, or in lieu thereof shall be purchased as described below, in the aggregate respective principal amounts and on the respective dates as set forth in the following table:

**Series A Bonds Maturing on December 1, 2023**

<u>Year (December 1)</u>	<u>Amount</u>
2014	\$2,325,000
2015	2,460,000
2016	2,605,000
2017	2,765,000
2018	2,930,000
2019	3,105,000
2020	3,295,000
2021	3,485,000
2022	3,700,000
2023 (Maturity)	3,920,000

The Series A Bonds maturing on December 1, 2024 are also subject to sinking account redemption in part by lot on December 1 in each year commencing December 1, 1998 from the payments made by the Agency according to the Sinking Account payment schedule provided below, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest, if any, to the redemption date, without premium, or in lieu thereof shall be purchased as described below, in the aggregate respective principal amounts and on the respective dates as set forth in the following table:

**Series A Bonds Maturing on December 1, 2024**

<u>Year (December 1)</u>	<u>Amount</u>	<u>Year (December 1)</u>	<u>Amount</u>
1998	\$160,000	2012	\$375,000
1999	175,000	2013	405,000
2000	180,000	2014	425,000
2001	195,000	2015	455,000
2002	205,000	2016	480,000
2003	220,000	2017	510,000
2004	235,000	2018	545,000
2005	245,000	2019	580,000
2006	265,000	2020	615,000
2007	275,000	2021	650,000
2008	300,000	2022	695,000
2009	315,000	2023	735,000
2010	335,000	2024 (Maturity)	780,000
2011	355,000		

Special Mandatory Redemption. The Term Bond of 2024 is subject to special mandatory redemption in part, by lot, on December 1, 1998, from amounts (if any) transferred from the Special Escrow Fund to the Redemption



Account as provided in the Indenture, at a redemption price equal to the principal amount thereof to be redeemed plus accrued interest thereon to the redemption date, without premium.

#### **Notice of Redemption**

The Trustee on behalf and at the expense of the Agency shall mail (by first-class mail) notice of any redemption to the Owners of any Series A Bonds designated for redemption at their addresses appearing on the registration books of the Trustee, and to the Securities Depositories and to one or more Information Services, at least thirty (30) but not more than sixty (60) days prior to the date fixed for redemption; provided, however, that neither failure to receive any such notice so mailed nor any defect therein shall affect the validity of the proceedings for the redemption of such Series A Bonds or the cessation of the accrual of interest thereon. Such notice shall state the date of the notice, the redemption date, the redemption place and the redemption price and shall designate the CUSIP numbers, the Series A Bond numbers and the maturity or maturities (in the event of redemption of all of the Series A Bonds of such maturity or maturities in whole) of the Series A Bonds to be redeemed, and shall require that such Series A Bonds be then surrendered at the corporate trust office of the Trustee for redemption at the redemption price, giving notice also that further interest on such Series A Bonds will not accrue from and after the redemption date.

#### **BOOK-ENTRY ONLY SYSTEM**

##### **General**

DTC will act as securities depository for the Series A Bonds. The Series A Bonds will be issued as fully-registered bonds, registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Series A Bond will be issued for each maturity of the Series A Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants (the "Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities

Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of the Series A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series A Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Series A Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series A Bonds, except in the event that use of the book-entry system for the Series A Bonds is discontinued.

To facilitate subsequent transfers, all Series A Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Series A Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the Series A Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to an issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series A Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).



Principal, sinking fund and interest payments with respect to the Series A Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payment dates in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the date payable. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee, or the Agency, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Agency or the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series A Bonds at any time by giving reasonable notice to the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Series A Bonds are required to be printed and delivered as described in the Indenture.

The Agency may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, security certificates will be printed and delivered as described in the Indenture.

The Agency cannot and does not give any assurances that DTC will distribute to DTC Participants, or that DTC Participants or others will distribute to the Beneficial Owners payments of principal of, interest and premium, if any, on the Series A Bonds paid or any redemption or other notices or that they will do so on a timely basis or will serve and act in the manner described in this Official Statement. The Agency is not responsible or liable for the failure of DTC or any DTC Participant or Indirect Participant to make any payments or give any notice to a Beneficial Owner with respect to the Series A Bonds or any error or delay relating thereto.

The foregoing description of the procedures and record keeping with respect to beneficial ownership interests in the Series A Bonds, payment of principal, interest and other payments on the Series A Bonds to DTC Participants, Indirect Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in such Series A Bonds and other related transactions by and between DTC, the DTC Participants, the Indirect Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants, the Indirect Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters but should instead confirm the same with DTC or the DTC Participants, as the case may be.

## **Discontinuance of Book-Entry System**

DTC may discontinue providing its services with respect to the Series A Bonds at any time by giving notice to the Trustee and discharging its responsibilities with respect thereto under applicable law or, the Agency may terminate its participation in the system of book-entry transfers through DTC or any other securities depository at any time. In the event that the book-entry system is discontinued, the Agency will execute, and the Trustee will authenticate and make available for delivery, replacement Series A Bonds in the form of registered certificates. In addition, the following provisions would apply: the principal of and redemption premium, if any, on the Series A Bonds will be payable at the corporate trust office of the Trustee, in Los Angeles, California, and interest on the Series A Bonds will be payable by check mailed on each interest payment date to the registered owners thereof as shown on the registration books of the Trustee as of the close of business on the fifteenth day of the calendar month immediately preceding the applicable interest payment date; provided, however, that registered owners of at least \$1,000,000 aggregate principal amount of Series A Bonds may, at any time prior to such fifteenth day, give the Trustee written instructions for payment of such interest on each succeeding interest payment date by wire transfer or by deposit to an account maintained with a paying agent for the Series A Bonds. Series A Bonds will be transferable and exchangeable on the terms and conditions provided in the Indenture.

## **Transfer Fees**

For every transfer and exchange of Series A Bonds, Beneficial Owners may be charged a sum sufficient to cover any tax, governmental charge or transfer fees that may be imposed in relation thereto, which charge may include transfer fees imposed by the Trustee, DTC or the DTC Participant in connection with such transfers or exchanges.

## **SECURITY FOR THE SERIES A BONDS**

### **Tax Allocation Financing**

The Redevelopment Law provides a means for financing redevelopment projects based upon an allocation of taxes collected within a project area. The taxable valuation of a project area last equalized prior to adoption of the redevelopment plan, or base roll, is established and, except for any period during which the taxable valuation drops below the base year level, the taxing agencies thereafter receive the taxes produced by the levy of the then current tax rate upon the base roll. Taxes collected upon any increase in taxable valuation over the base roll are allocated to a redevelopment agency and may be pledged by a redevelopment agency to the repayment of any indebtedness incurred in financing or refinancing a redevelopment project. Redevelopment agencies themselves have no authority to levy property taxes and must look specifically to the allocation of taxes produced as above described.



The Agency has no power to levy and collect property taxes, and any property tax limitation, legislative measure, voter initiative or provision of additional sources of income to taxing agencies having the effect of reducing the property tax rate, would have the effect of reducing the amount of Tax Revenues that would otherwise be available to pay the principal of, and interest on the Series A Bonds. Likewise, the reduction of assessed valuations of taxable property in the Project Area, any reduction in tax rates or tax collection rates and broadened property tax exemptions would have a similar effect. See "RISK FACTORS" and "LIMITATIONS ON TAXES AND APPROPRIATIONS" herein.

### **Pledge and Allocation of Taxes**

Under provisions of the California Constitution and the Redevelopment Plan, taxes on all taxable property in the Project Area levied each year by any taxing agency when collected will be divided as follows:

(1) An amount each year equal to that amount which would have been produced by the then current tax rates applied to the assessed valuation of taxable property within the Project Area as shown upon the assessment roll used in connection with the taxation of such property by such taxing agency last equalized prior to the effective date of the ordinance approving the Redevelopment Plan will be allocated to, and when collected will be paid into, the funds of the respective taxing agencies;

(2) Except for taxes which are attributable to a tax rate levied by a taxing agency for the purpose of producing revenues to repay bonded indebtedness approved by the voters of the taxing agency on or after January 1, 1989, which will be allocated to, and when collected, will be paid to the respective taxing agency, the portion of said levied taxes each year in excess of such amount will be allocated to, and when collected, will be deposited into a special fund of the Agency to pay principal of and interest on loans, moneys advanced to, or indebtedness incurred by the Agency to finance or refinance, in whole or in part, the Redevelopment Project. Such portion of taxes (referred to herein as "gross tax allocation") as reduced by certain exclusions and deductions as set forth in the Redevelopment Plan, as further described below, is referred to herein as "Tax Revenues".

### **Tax Revenues**

The Bonds are secured by and payable from an irrevocable pledge of, and charge and lien upon, Tax Revenues and funds held in certain funds and accounts under the Indenture. The Indenture defines "Tax Revenues" to mean (a) that portion of taxes levied upon assessable property within the Project Area received by the Agency, which is allocated to and paid into a special fund of the Agency pursuant to Article 6 of Chapter 6 of the Redevelopment Law and Section 16 of Article XVI of the Constitution of the State of California, all as more particularly set forth in the Indenture and in any supplemental indenture authorizing the issuance of Parity Obligations and

(b) reimbursements, subventions (excluding payments to the Agency with respect to personal property within the Project Area pursuant to Section 16110, et seq., of the California Government Code) or other payments made by the State with respect to any property taxes that would otherwise be due on real or personal property but for an exemption from such form of taxes, including that portion of such taxes otherwise required by Section 33334.3 of the Redevelopment Law to be deposited in the Low and Moderate Income Housing Fund, but only to the extent necessary to repay that portion of the Series A Bonds and any Parity Obligations (including applicable reserves and financing costs) attributed to amounts deposited in the Low and Moderate Income Housing Fund for use pursuant to Section 33334.2 of the Redevelopment Law to increase, improve or preserve the supply of low and moderate income housing within or of benefit to the Project Area. Tax Revenues will not include taxes allocated to the Agency that are required by Section 33334.3 of the Redevelopment Law to be used by the Agency for increasing and improving the supply of low and moderate income housing.

Tax Revenues are pledged in their entirety to the payment of principal of, premium, if any, and interest on the Series A Bonds until all of the outstanding principal amount on the Series A Bonds has been paid or until moneys have been set aside irrevocably for that purpose. Notwithstanding the foregoing, the Indenture provides that if the Trustee has deposited in the Special Fund an amount sufficient to pay 100% of Annual Debt Service on the Series A Bonds for the then current Bond Year (as defined in the Indenture) and an amount sufficient to maintain the Reserve Account in an amount equal to the Reserve Requirement, then the Tax Revenues subsequently received during that Bond Year may be used by the Agency for any lawful purpose. See Appendix D -- "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS."

The Agency has no power to levy and collect taxes, and any legislative property tax de-emphasis or provision of additional sources of income to taxing agencies having the effect of reducing the property tax rate must necessarily reduce the amount of Tax Revenues that would otherwise be available to pay the principal of, and interest on, the Series A Bonds. Likewise, broadened property tax exemptions could have a similar effect.

#### **Issuance of Parity Obligations**

Pursuant to the Indenture, the Agency is entitled to issue Parity Obligations (as defined herein) having a parity lien on the Tax Revenues and otherwise on a parity with the Series A Bonds, provided, among other items, that the Tax Revenues for the then current fiscal year based on assessed valuation of property in the Project Area as evidenced in a written document from an appropriate official of the County, plus at the option of the Agency the Additional Allowance (defined below), shall be at least equal to 125% of Maximum Annual Debt Service on all Series A Bonds and Parity Obligations which will be outstanding following the issuance of such Parity Obligations. The term "Additional Allowance" is described in the Indenture as ad valorem property taxes in the Project Area with respect to any property contained on the supplemental roll prepared pursuant to Section 75 et seq. of the California Revenue and Taxation Code, if such property is not



contained on the County Assessor's roll for the then current fiscal year. For a further discussion of Parity Obligations, see Appendix D -- "SUMMARY OF PRINCIPAL DOCUMENTS" herein.

### **Special Escrow Fund**

A portion of Series A Bond proceeds equal to the principal amount of the Term Bond of 2024 will be initially deposited in the Special Escrow Fund. In accordance with the terms of the Indenture, moneys may be released from the Special Escrow Fund commencing December 1, 1995, and on each June 1 and December 1 thereafter to and including June 1, 1998, and October 1, 1998 (each, a "Special Escrow Release Date") provided, among other conditions, that the then current fiscal year Tax Revenues cover Maximum Annual Debt Service on the Series A Bonds, including debt service on the portion of Term Bond of 2024 attributable to such released amounts, by at least 1.25 times. If moneys are not released from the Special Escrow Fund by October 1, 1998, there will be a mandatory redemption of the Term Bond of 2024 at the redemption price equal to the principal amount thereof, plus accrued interest thereon to the redemption date, without premium, on December 1, 1998, all as further described in "THE SERIES A BONDS -- Redemption -- Special Mandatory Redemption." Upon release from the Special Escrow Fund, a portion of such amount (\$833,587) will be deposited in the Reserve Account to satisfy the Reserve Requirement and the remainder of such proceeds (\$9,876,413) will be used by the Agency for other lawful purposes as further described in the Indenture.

To effectuate the release of moneys from the Special Escrow Fund by October 1, 1998, then current fiscal year Tax Revenues must be at least equal to \$6,234,533, which is the amount of Tax Revenues that the Agency expects to receive in fiscal year 1992-93. The Agency expects that it will be able to release moneys from the Special Escrow Fund by October 1, 1998.

Prior to the Special Escrow Release Date, moneys initially deposited in the Special Escrow Fund will be invested under an investment agreement with a financial institution whose long term obligations are rated in the two highest categories by Moody's Investors Service and Standard & Poor's Corporation (the "Investment Provider"). Interest earnings from such investment agreement and interest earnings on moneys deposited in the Reserve Account will be initially invested with the Investment Provider and will be used to pay interest on the Term Bond of 2024 prior to each Special Escrow Release Date. In the event the rating on such investment agreement falls below the "A" category, as rated by Moody's Investors Service and Standard & Poor's Corporation, the Agency shall (i) require the Investment Provider to post collateral sufficient to maintain the rating on the Series A Bonds or (ii) liquidate such investment agreement and reinvest such moneys as provided in the Indenture.

### **Reserve Account**

In order to further secure the payment of principal of and interest on the Series A Bonds, the Agency is required upon delivery of the Series A

Bonds to deposit in the Reserve Account established under the Indenture an amount at least equal to the Reserve Requirement (as defined in the Indenture). If the Reserve Account is drawn down to pay debt service, available Tax Revenues must be transferred by the Agency to the Trustee for deposit in the Reserve Account in order to restore the amount in the Reserve Account to the Reserve Requirement.

At any time, moneys on deposit in the Reserve Account may, with the prior review and approval of Moody's Investors Service and Standard & Poor's Corporation, be substituted by the Agency with a letter of credit, surety bond, bond insurance policy or other form of guaranty from a financial institution, the long-term, unsecured obligations of which are rated not less than "A" by Moody's Investors Service and Standard & Poor's Corporation, in an amount equal to the Reserve Requirement, upon presentation to the Trustee of such letter of credit, surety bond, bond insurance policy or other form of guaranty from a financial institution, with evidence from the Agency that such letter of credit, surety bond, bond insurance policy or other form of guaranty from a financial institution is rated in one of the three highest rating categories by Moody's Investors Service and Standard & Poor's Corporation. Upon such substitution, the Trustee will transfer amounts on deposit in the Reserve Account to the Agency for deposit in the Redevelopment Fund moneys in an amount equal to the maximum limits or principal amount, as applicable, of such letter of credit, surety bond, bond insurance policy or other form of guarantee. In the event the ratings of the long-term, unsecured obligations of the provider of a letter of credit, surety bond, bond insurance policy or other form of guaranty from a financial institution are reduced to less than "A" by Moody's Investors Service and Standard & Poor's Corporation, the Agency shall be obligated to substitute such letter of credit, surety bond, bond insurance policy or other form of guaranty with a new letter of credit, surety bond, bond insurance policy or other form of guaranty from a financial institution meeting the minimum rating requirements described above or shall be obligated to cash fund the Reserve Fund to the Reserve Requirement from any available moneys.

#### **Series A Bonds Not a Debt of the City of Burbank or the State of California**

The Series A Bonds are a special obligation of the Agency and as such are not a debt of the City, the State of California or any of its political subdivisions. Neither the City, the State of California nor any of its political subdivisions is liable for the payment thereof. In no event shall the Series A Bonds be payable out of any funds or properties other than those of the Agency as set forth in the Indenture. Neither the members of the Agency nor any persons executing the Series A Bonds is liable personally on the Series A Bonds.



## **RISK FACTORS**

The following section describes risk factors affecting the security of the Series A Bonds.

### **Reduction of Tax Revenues**

Tax Revenues allocated to the Agency by the County are determined by the amount of incremental taxable value in each of its redevelopment project areas and the current rate or rates at which property in each redevelopment project area is taxed. Assessed valuation of taxable property within the Project Area may be reduced by economic factors beyond the control of the Agency or by substantial damage, destruction (as a result, for example, of a severe earthquake) or condemnation of such property. Assessed valuation and tax rates can be reduced as a result of actions of the California Legislature or electorate. While the Agency is authorized to receive the Tax Revenues, it does not have the power to levy and collect property taxes directly. Accordingly, any reduction of assessed valuations or tax rates, as described above, may result in a reduction of the Tax Revenues that secure the Series A Bonds which in turn could impair the ability of the Agency to make payments of principal and/or interest on the Series A Bonds when due. See "GOLDEN STATE REDEVELOPMENT PROJECT -- Major Property Taxpayers" for a description of the major property taxpayers within the Project Area. Similarly, substantial delinquencies in the payment of property taxes to the County by the owners of taxable property within the Project Area could also have an adverse effect on the ability of the Agency to make payments of principal of and/or interest on the Series A Bonds when due.

### **Reduction in Inflation Rate; Property Value Decline**

As described in greater detail below, Article XIII A of the California Constitution provides that the full cash value base of real property used in determining taxable value may be adjusted from year to year to reflect the inflation rate, not to exceed a two percent increase for any given year, or may be reduced to reflect a reduction in the consumer price index, comparable local data or any reduction in the event of declining property value caused by damage, destruction or other factors (as described above). Such measure is computed on a calendar year basis. Any resulting reduction in the full cash value base over the term of the Series A Bonds could reduce Tax Revenues securing the Series A Bonds. See "LIMITATIONS ON TAXES AND APPROPRIATIONS - Property Tax Limitations -- Article XIII A" herein.

Because of the recent decrease in property values in certain areas of the State, certain counties have announced that they will review the assessed values of properties within those counties. Such a review may result in a decrease in assessed values which would result in a decrease in collections of the one percent property tax by such counties. The County Assessor has announced that the property taxes will be automatically reassessed on homes sold after 1988 in the County. With respect to the

reassessment of property taxes on commercial property, however, the County Assessor requires that such commercial property owner request a review of the assessed value of such commercial property. The Agency cannot predict to what extent any such review may result in a decrease in assessed values of residential and commercial properties within Los Angeles County. See "GOLDEN STATE REDEVELOPMENT PROJECT -- Pending Appeals" herein for a discussion of pending appeals of unsecured assessed valuation.

### **Bankruptcy and Foreclosure**

On July 30, 1992, the United States Court of Appeals for the Ninth Circuit issued its opinion in a bankruptcy case entitled In re Glasply Marine Industries. In that case, the court held that ad valorem property taxes levied by Snohomish County in the State of Washington after the date that the property owner filed a petition for bankruptcy were not entitled to priority over a secured creditor with a prior lien on the property. Although the court upheld the priority of unpaid taxes imposed before the bankruptcy petition, unpaid taxes imposed after the filing of the bankruptcy petition were declared to be "administrative expenses" of the bankruptcy estate, payable after all secured creditors. As a result, the secured creditor was able to foreclose on the property and retain all the proceeds of the sale except the amount of the pre-petition taxes.

According to the court's ruling, as administrative expenses, post-petition taxes would be paid, assuming that the debtor had sufficient assets to do so. In certain circumstances, payment of such administrative expenses may be allowed to be deferred. Once the property is transferred out to the bankruptcy estate (through foreclosure or otherwise) it would at that time become subject to current ad valorem taxes.

Glasply is controlling precedent on bankruptcy courts in the State of California. The lien date for property taxes in California is the March 1 preceding the fiscal year for which the taxes are levied. Therefore, under Glasply, a bankruptcy petition filing would prevent the lien for property taxes levied in subsequent fiscal years to attach so long as the property was part of the estate in bankruptcy. To the extent Glasply is applied to property owners within the Agency's redevelopment project areas who file for bankruptcy and whose property taxes are a source of tax increment for the Agency, the amount of tax increment may be reduced. Any owner of property in the Project Area who had filed for bankruptcy at the time of the Glasply decision may be subject to the Glasply precedent. See "GOLDEN STATE REDEVELOPMENT PROJECT" herein.

### **Change in Law**

In addition to the other limitations on Tax Revenues described herein under "LIMITATIONS ON TAXES AND APPROPRIATIONS", the California electorate or Legislature could adopt a constitutional or legislative property tax decrease with the effect of reducing Tax Revenues payable to the Agency. See "LIMITATIONS ON TAXES AND APPROPRIATIONS" herein. There is no assurance that the California electorate or Legislature will not at some future time



approve additional limitations that could reduce the Tax Revenues and adversely affect the security of the Series A Bonds. See "PROPERTY TAX COLLECTION AND LIMITATIONS ON TAX REVENUES -- SB 844" herein.

### **Levy and Collection**

The Agency has no independent power to levy and collect property taxes. Any reduction in the tax rate or the implementation of any constitutional or legislative property tax decrease could reduce the Tax Revenues, and accordingly, could have an adverse impact on the ability of the Agency to pay debt service on the Series A Bonds secured by the Tax Revenues. Likewise, delinquencies in the payment of property taxes could have an adverse effect on the Agency's ability to make timely debt service payments. See "TAX REVENUES AND BOND RETIREMENT--Current Tax Revenues" herein.

## **LIMITATIONS ON TAXES AND APPROPRIATIONS**

### **Property Tax Limitations - Article XIII A**

California voters, on June 6, 1978, approved an amendment (commonly known as both Proposition 13 or the Jarvis-Gann Initiative) to the California Constitution. This amendment, which added Article XIII A to the California Constitution, among other things, affects the valuation of real property for the purpose of taxation in that it defines the full cash value of property to mean "the county assessor's valuation of real property as shown on the 1975-76 tax bill under full cash value, or thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment." The full cash value may be adjusted annually to reflect inflation at a rate not to exceed 2% per year or any reduction in the consumer price index or comparable local data, or any reduction in the event of declining property value caused by damage, destruction or other factors. The amendment further limits the amount of any ad valorem tax on real property to 1 percent of the full cash value except that additional taxes may be levied to pay debt service on indebtedness approved by the voters prior to July 1, 1978. In addition, an amendment to Article XIII was adopted in June 1986 by initiative which exempts any bonded indebtedness approved by two-thirds of the votes cast by the voters for the acquisition or improvement of real property from the 1 percent limitation.

On September 22, 1978, the California Supreme Court upheld the amendment over challenges on several state and federal constitutional grounds (Amador Valley Joint Union School District v. State Board of Equalization). The Court reserved certain constitutional issues and the validity of legislation implementing the amendment for future determination in proper cases.

In the general elections of 1986, 1988 and 1990, the voters of the State approved various measures which further amended Article XIII A. One such amendment generally provides that the purchase or transfer of (i) real property between spouses or (ii) the principal residence and the first

\$1,000,000 of the full cash value of other real property between parents and children, do not constitute a "purchase" or "change of ownership" triggering reassessment under Article XIII A. This amendment will reduce the local property tax revenues. Other amendments permitted the Legislature to allow persons over 55 who sell their residence and on or after November 5, 1986, buy or build another of equal or lesser value within two years in the same county, to transfer the old residence's assessed value to the new residence, and permitted the Legislature to authorize each county under certain circumstances to adopt an ordinance making such transfers or assessed value applicable to situations in which the replacement dwelling purchased or constructed after November 8, 1988, is located within the county and the original property is located in another county within California. The County of Los Angeles has adopted the ordinance regarding residences replacing dwellings in other counties.

In the August 1990 election, the voters approved additional amendments to Article XIII A permitting the State Legislature to extend the replacement dwelling provisions applicable to persons over 55 to severely disabled homeowners for replacement dwellings purchased or newly constructed on or after June 5, 1990, and to exclude from the definition of "new construction" triggering reassessment improvements to certain dwellings for the purpose of making the dwelling more accessible to severely disabled persons. In the November 1990 election, the voters approved the amendment of Article XIII A to permit the State Legislature to exclude from the definition of "new construction" seismic retrofitting improvements or improvements utilizing earthquake hazard mitigation technologies constructed or installed in existing buildings after November 6, 1990.

#### **Court Challenges to Article XIII A**

The U.S. Supreme Court recently struck down as a violation of equal protection certain property tax assessment practices in West Virginia, which had resulted in vastly different assessments of similar properties. Since Proposition 13 provides that property may only be reassessed up to 2% per year, except upon change of ownership or new construction, recent purchasers may pay substantially higher property taxes than long-time owners of comparable property in a community. The Supreme Court in the West Virginia case expressly declined to comment in any way on the constitutionality of Proposition 13.

Based on the decision in the West Virginia case, property owners in California brought three suits challenging the acquisition value assessment provisions of Article XIII A. Two cases involved residential property, and one case involved commercial property. In all three cases, State trial and appellate courts have upheld the constitutionality of Article XIII A's assessment rules and concluded that the West Virginia case did not apply to California's laws. On June 3, 1991, the U.S. Supreme Court agreed to hear the appeal in the challenge relating to commercial property, but the plaintiff subsequently withdrew its case. On June 18, 1992, the U.S. Supreme Court upheld the decision in Nordlinger v. Hahn, the challenge relating to residential property.



## **Implementing Legislation**

Legislation enacted by the California Legislature to implement Article XIII A (Statutes of 1978, Chapter 292, as amended) provides that, notwithstanding any other law, local agencies may not levy any property tax, except to pay debt service on indebtedness approved by the voters prior to July 1, 1978, and that each county will levy the maximum tax permitted by Article XIII A of \$4.00 per \$100 assessed valuation (based on the traditional practice in California of using 25% of full cash value as the assessed value for tax purposes). The legislation further provided that, for the 1978/79 fiscal year only, the tax levied by each county was to be appropriated among all taxing agencies within the county in proportion to their average share of taxes levied in certain previous years.

The apportionment of property taxes in fiscal years after 1978/79 has been revised pursuant to Statutes of 1979, Chapter 282 which provides relief funds from State moneys beginning in fiscal year 1978/79 and is designed to provide a permanent system for sharing State taxes and budget surplus funds with local agencies. Under Chapter 282, cities and counties receive about one-third more of the remaining property tax revenues collected under Proposition 13 instead of direct State aid. School districts receive a correspondingly reduced amount of property taxes, but receive compensation directly from the State and are given additional relief. Chapter 282 does not affect the derivation of the base levy (\$4.00 per \$100 assessed valuation) and the bonded debt tax rate.

Effective as of the 1981-82 fiscal year, assessors in California no longer record property values in the tax rolls at the assessed value of 25% of market values. All taxable property is shown at full market value. In conformity with this change in procedure, all taxable property value included in this Official Statement is shown at 100% of market value and all general tax rates reflect the \$1 per \$100 of taxable value. Tax rates for bond service and pension liability are also applied to 100% of market value.

Future assessed valuation growth allowed under Article XIII A (new construction, change of ownership, 2% annual value growth) will be allocated on the basis of "situs" among the jurisdictions that serve the tax rate area within which the growth occurs except for certain utility property assessed by the State Board of Equalization ("Unitary Property") which is allocated by a different method as described under "PROPERTY TAX COLLECTION AND LIMITATIONS ON TAX REVENUES--Unitary Property" below.

### **Appropriations Limitations - Article XIII B**

On November 6, 1979, California voters approved Proposition 4, the so-called Gann Initiative, which added Article XIII B to the California Constitution. The principal effect of Article XIII B is to limit the annual appropriations of the State and any city, county, school district, authority or other political subdivision of the State to the level of appropriations for the prior fiscal year, as adjusted for changes in the cost of living, population and services rendered by the government entity. The "base year"

for establishing such appropriation limit is 1978-79 fiscal year and the limit is to be adjusted annually to reflect changes in population, consumer prices and certain increases in the cost of services provided by these public agencies.

Appropriations subject to Article XIII B include generally the proceeds of taxes levied by the State or other entity of local government, exclusive of certain State subventions, refunds of takes, and benefit payments from retirement, unemployment insurance and disability insurance funds. Proceeds of taxes include, but are not limited to, all tax revenues and the proceeds to an entity of government from (1) regulatory licenses, user charges, and user fees (but only to the extent such proceeds exceed the cost of providing the service or regulation) and (2) the investment of tax revenues.

Article XIII B includes a requirement that if an entity's revenues in any year exceed the amounts permitted to be spent, the excess would have to be returned by revising tax rates or fee schedules over the subsequent two years. While the tax rate is assumed to decline to one percent of taxable value and remain constant in subsequent years, current law permits taxing entities deriving revenues from the one percent rate to reduce their levies under certain circumstances. It is the apparent intent of the law to insulate the other taxing entities and redevelopment agencies from the affects of such reductions on their property tax revenues.

Effective September 30, 1980, the California Legislature added Section 33678 to the Redevelopment Law which provided that the allocation of taxes to a redevelopment agency for the purpose of paying principal of, or interest on, loans, advances, or indebtedness shall not be deemed the receipt by such agency of proceeds of taxes levied by or on behalf of the agency within the meaning of Article XIII B, nor shall such portion of taxes be deemed receipt of proceeds of taxes by, or an appropriation subject to the limitation of, any other public body within the meaning or for the purpose of the Constitution and laws of the State of California, including Section 33678 of the Redevelopment Law. The constitutionality of Section 33678 has been upheld in two California appellate court decisions Brown v. Community Redevelopment Agency of the Santa Ana and Bell Community Agency v. Wooley. The plaintiff in Brown v. Community Redevelopment Agency of the City of Santa Ana petitioned the California Supreme Court for a hearing of this case. The California Supreme Court formally denied the petition and therefore the earlier court decisions are now final and binding. On the basis of these court decisions, the Agency has not adopted such an appropriations limit.

## **PROPERTY TAX COLLECTION AND LIMITATIONS ON TAX REVENUES**

### **Property Tax Collection Procedures**

Classifications. In California, property which is subject to ad valorem taxes is classified as "secured" or "unsecured." Secured and unsecured



property are entered on separate parts of the assessment roll maintained by the county assessor.

The secured classification includes property on which any property tax levied by the County becomes a lien on that property sufficient, in the opinion of the county assessor, to secure payment of the taxes. Every tax which becomes a lien on secured property has priority over all other liens on the secured property, regardless of the time of the creation of other liens. A tax levied on unsecured property does not become a lien against the taxes on unsecured property, but may become a lien on certain other property owned by the taxpayer.

Collections. The method of collecting delinquent taxes is substantially different for the two classifications of property.

The taxing authority has four ways of collecting unsecured property taxes in the absence of timely payment by the taxpayer: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the county clerk specifying certain facts in order to obtain a judgment lien on certain property of the taxpayer; (3) filing a certificate of delinquency for record in the county recorder's office, in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of the personal property, improvements or possessory interests belonging or assessed to the assessee.

The exclusive means of enforcing the payment of delinquent taxes with respect to property on the secured roll is the sale of property securing the taxes to the State for the amount of taxes which are delinquent.

Current tax payment practices by the County provide for payment to the Agency of Tax Revenues on a monthly basis although the first payment to the Agency is not made until December. Except for property tax advances made by the County to the Agency in December and April, actual payments to the Agency are made on the basis of actual property tax collections in the Project Area.

Penalties. A 10% penalty is added to delinquent taxes which have been levied with respect to property on the secured roll. In addition, property on the secured roll on which taxes are delinquent is sold to the State on or about June 30 of the fiscal year. Such property may thereafter be redeemed by payment of the delinquent taxes and a delinquency penalty, plus a redemption penalty of 1% per month from the date of sale to the time of redemption. If taxes are unpaid for a period of five years or more, the property is deeded to the State and then is subject to sale by the county tax collector.

A 10% penalty also applies to delinquent taxes on property on the unsecured roll, and further, an additional penalty of 1% per month accrues with respect to such taxes beginning the first day of the third month following the delinquency date.

AB 2372 (Chapter 1230, Statutes of 1989) provides that each county is to distribute property tax revenues to local agencies (such as the Agency) in

accordance with certain provisions of the California Revenue and Taxation Code, but that penalties and interest on property tax delinquencies are to be deposited in the county's general fund.

Delinquencies. The valuation of property is determined as of March 1 each year and equal installments of taxes levied upon secured property become delinquent on the following December 10 and April 10. As described under "—Collections" above, the Agency currently receives property taxes with a deduction for delinquencies plus the Agency's proportionate share of delinquent and redemption property payments, penalties and interest income.

Taxes on unsecured property are due March 1 and become delinquent August 31.

Supplemental Assessments. A bill enacted in 1983, SB 813 (Chapter 498, Statutes of 1983), provides for the supplemental assessment and taxation of property as of the occurrence of a change in ownership or completion of new construction. Previously, statutes enabled the assessment of such changes only as of the next March 1 tax lien date following the change and thus delayed the realization of increased property taxes from the new assessments for up to 14 months. As enacted, Chapter 498 provided increased revenue to redevelopment agencies to the extent that supplemental assessments as a result of new construction or changes of ownership occur within the boundaries of redevelopment projects subsequent to the March 1 lien date. To the extent such supplemental assessments occur within the Project Area, Tax Revenues may increase.

Property Tax Administrative Costs. In 1990, the State Legislature enacted SB 2557 (Chapter 466, Statutes of 1990) which allows counties to charge for the cost of assessing, collecting and allocating property tax revenues to local government jurisdictions on a prorated basis. Two recent decisions have interpreted the provisions of SB 2557 and have upheld the inclusion of redevelopment agencies as a local government agency which must share the cost of property tax administration. One of the decisions, Arcadia Redevelopment Agency v. Ikemoto, has been accepted for review by the California Supreme Court. While awaiting judicial clarification of SB 2557, it has been the practice of most California counties, including Los Angeles County, to reduce an agency's tax increments or bill an agency for their pro rata share of property tax administrative costs. For fiscal year 1992-93, the Agency's share of property tax administrative costs will be \$165,999 with respect to the Project Area.

### **Unitary Property**

AB 454 (Chapter 921, Statutes of 1987) provided that revenues derived from Unitary Property, commencing with the 1988-89 fiscal year, will be allocated as follows: (1) for revenues generated from the one percent tax rate, (a) each jurisdiction, including redevelopment project areas, will receive a percentage up to 102 percent of its prior year State-assessed unitary revenue; and (b) if county-wide revenues generated from Unitary Property are greater than 102 percent of the previous year's revenues, each jurisdiction will receive a percentage share of the excess unitary revenues



by a specified formula and (2) for revenue generated from the application of the debt service tax rate to county-wide unitary taxable value, each jurisdiction will receive a percentage share of revenue based on the jurisdiction's annual debt service requirements and the percentage of property taxes received by each jurisdiction from unitary property taxes. This provision applies to all Unitary Property except railroads whose valuation will continue to be allocated to individual tax rate areas.

The provisions of AB 454 do not constitute an elimination of the assessment of any State-assessed properties nor a revision of the method of assessing utilities by the State Board of Equalization. Generally AB 454 allows valuation growth or decline of Unitary Property to be shared by all jurisdictions in a county.

On February 1, 1991, the Superior Court for the County of Sacramento issued a Statement of Decision in AT&T Communications of California, et al v. State Board of Equalization, which reduced the valuation of certain unitary property owned by AT&T for property tax purposes. Under the decision, the valuation method used by the Board of Equalization to value unitary utility property was declared illegal and a new method of valuation, resulting in significantly lower values and therefor significantly lower property tax revenues, was imposed. The effect on AT&T's statewide assessed value was to reduce it from approximately \$1,750,000,000 to approximately \$1,100,000,000. The resulting refund ordered by the court exceeded \$9,000,000. The Agency understands that, as a result of this case, the State Board of Equalization and several other utility companies whose unitary property valuations could be affected by the principles announced in the Superior Court decision have entered into a settlement agreement (the "Settlement Agreement"). The Settlement Agreement's effectiveness, however, is dependent on the fulfillment of certain conditions. If effective, the Settlement Agreement would have only a prospective fiscal impact on utility assessments, which would be phased down by approximately 10% over a three-year period. The Agency has received approximately \$208,024 of gross tax allocation attributable to unitary property within the Project Area in fiscal year 1991/92. The Agency does not expect any tax allocation attributable to unitary property within the Project Area in fiscal year 1992/93. The Agency cannot predict the effect of any future litigation or settlement agreements concerning these matters on the amount of Tax Revenues received or to be received by the Agency.

#### **Limitation on Tax Revenues for Bonded Indebtedness**

An initiative to amend the California Constitution entitled "Property Tax Revenues Redevelopment Agencies" was approved by California voters at the November 8, 1988 general election. Under prior law, a redevelopment agency using tax increment revenue received additional property tax revenue whenever a local government increased its property tax rate to pay off its general obligation bonds. This initiative amends the California Constitution to allow the California Legislature to prohibit redevelopment agencies from receiving any of the property tax revenue raised by increased property tax rates imposed by local governments to make payments on their bonded indebtedness. The initiative only applies to tax rates levied to



finance bonds approved by the voters on or after January 1, 1989. AB 89 (Chapter 250, Statutes of 1989), amended Section 33670 of the Law to implement the amendment to the California Constitution made by the initiative. Any revenue reduction to redevelopment agencies would depend on the number and value of the general obligation bonds approved by voters in future years. The Agency does not currently project receiving any Tax Revenues as a result of general obligation bonds which may be approved on or after January 1, 1989.

### **Taxing Entity Revenue**

Chapter 147, Statutes of 1984 modified Section 33676 of the Redevelopment Law and allows taxing entities to receive additional property taxes in a redevelopment project area above the base year revenue amount. Section 33676 allows an affected taxing entity to elect, by resolution prior to the adoption of a redevelopment plan, to receive property taxes generated from:

1. increases in the tax rate levied by the affected entity; and
2. annual increases in the real property portion of the base year value up to the inflation limit of 2 percent provided in Article XIII A of the California Constitution.

Section 33676 provides that each school district shall adopt the resolution and other taxing entities may adopt the resolution. Section 33676 is not valid in a project area for any taxing entity which has entered into an agreement to receive payments of tax increments from a redevelopment agency as allowed by California Health & Safety Code Section 33401 to alleviate fiscal detriment resulting from a project area.

### **Business Inventory Exemption-Special Subvention**

Under prior State law, the State reimbursed cities, counties, special districts and redevelopment agencies ("local agencies") a portion of taxes which would have been generated by the exempted portion of business inventory value (50%). In 1979, the Legislature enacted Assembly Bill 66 (Chapter 1150, Statutes of 1979), eliminating the assessment and taxation of business inventory property and providing for replacement revenue for local agencies, except redevelopment agencies. In 1980, the Legislature enacted AB 1994 (Chapter 610, Statutes of 1980), providing replacement revenue, in part, for the loss of business inventory revenues by redevelopment agencies.

SB 794 (Chapter 447, Statutes of 1984) repealed the provision of business inventory replacement revenue provided in both Chapter 1150 and Chapter 610 for local agencies. This measure holds redevelopment agencies harmless from the loss of business inventory replacement revenues through state payments (special subventions). Under current law, if redevelopment agencies do not receive sufficient tax revenue generated from the new supplemental roll, the State pays a special subvention to restore to such agencies the difference between the level of business inventory subventions which were to be paid under prior law and the amount of revenue received from taxes on the supplemental roll. If in any year, the Agency's revenues



from the supplemental roll exceed the former amount of business inventory replacement revenues, such excess will be credited against the State special subvention due in future years until the entire excess has been credited. As a result of these changes, redevelopment agencies should receive over time approximately the same amounts of revenues as they received in 1983-84 had business inventory subventions not been terminated.

AB 160 (Chapter 449, Statutes of 1990) makes several changes with respect to the special supplemental subvention. First, AB 160 changes the payment schedule for the subvention from three annual payments on October 31, February 28 and June 30 to two payments on December 31 and July 1. Second, the December 31, 1990 payment consisted of an amount equal to 25% of the total amount the Agency would otherwise be entitled to receive in the 1990-91 fiscal year, and the July 1, 1991 payment consisted of an amount equal to 50% of the amount the Agency would otherwise be entitled to receive in the 1990-91 fiscal year. Thus, AB 160 cuts the special supplemental subvention for the 1990-91 fiscal year by 25%. Finally, the Agency may not, on or after the effective date of AB 160, pledge as security for payment of the principal and interest of bonds, any special supplemental subvention amounts.

#### **Low and Moderate Income Housing**

Chapter 1337, Statutes of 1976, added Sections 33334.2 and 33334.3 to the Law requiring redevelopment agencies to set-aside 20 percent of all tax increment derived from redevelopment project areas adopted after December 31, 1976 in a low and moderate income housing fund. This low and moderate income housing requirement could be reduced or eliminated if a redevelopment agency finds that: 1) no need exists in the community to improve or increase the supply of low and moderate income housing; 2) that some stated percentage less than 20 percent of the tax increment is sufficient to meet the housing need; or 3) that other substantial efforts, including the obligation of funds from state, local and federal sources for low and moderate income housing of equivalent impact are being provided for in the community.

Chapter 1135, Statutes of 1985 amended Section 33334.3 and added Section 33334.6 and 33334.7 to extend the requirement for redevelopment agencies to set aside into a low and moderate income housing fund 20 percent of tax increment to redevelopment project areas adopted prior to January 1, 1977, beginning with fiscal year 1985/86 revenues. An agency may take the same findings described above to reduce or eliminate the low and moderate income housing requirement.

The Agency has not in any year made findings described above to reduce or eliminate its low and moderate income housing requirement. The Agency has historically, and intends to continue to, set aside 20% of the tax increment revenues it receives with respect to each Project Area on an annual basis.

## **Certification of Agency Indebtedness**

A significant provision of the Redevelopment Law, Section 33675, was added by the Legislature in 1976, providing for the filing not later than the first day of October of each year with the county auditor of a statement of indebtedness certified by the chief fiscal officer of the agency for each redevelopment project which receives tax increments. The statement of indebtedness is required to contain the date on which the bonds were delivered, the principal amount, term, purpose and interest rate of the bonds and the outstanding balance and amount due on the bonds. Similar information must be given for each loan, advance or indebtedness that the agency has incurred or entered into to be payable from tax increments.

The section also provides that the county auditor is limited in payment of tax increments to the agency to the amounts shown on the agency's statement of indebtedness. The section further provides that the statement of indebtedness is prima facie evidence of the indebtedness of the agency, but that the county auditor may dispute the amount of indebtedness shown on the statement in certain cases. Provision is made for time limits under which the dispute can be made by the county auditor as well as provisions for determination by the Superior Court in a declaratory relief action of the proper disposition of the matter. The issue in any such action shall involve only the amount of the indebtedness and not the validity of any contract or debt instrument, or any expenditures pursuant thereto. An exception is made for payments to a public agency in connection with payments by such public agency pursuant to a bond issue which shall not be disputed in any action under the section. The Series A Bonds should be entitled to the protection of that portion of the statute so that they cannot be disputed by the County Auditor.

### **SB 844**

As part of the resolution of the State's projected fiscal year 1992-93 budget deficit, the State adopted SB 844 which requires each redevelopment agency in the State to make a one-time payment (based upon its proportional share of statewide tax increment revenues) into a State Educational Revenue Augmentation Fund for the benefit of schools and community college districts within the State. The Agency estimates that its one-time payment, which is required to be made prior to May 10, 1993, will be approximately \$1,361,842 from the gross tax allocation derived from the Project Area. The Agency is authorized to fund the required payment from any of its legally available funds and may incur bonded debt for such purpose. If the Agency determines that it has insufficient funds available to make such payment due to its obligations under "existing indebtedness" or otherwise, the Agency is required to enter into an agreement with the City on or prior to February 15, 1993 to provide for such payment. If neither the Agency nor the City provides for such payment by May 15, 1993, the amount due will be deducted from the property tax allocation otherwise payable to the City. The Agency intends to provide for its payment due under SB 844 from existing reserves.



The State's economy has continued in a stagnant condition, causing a substantial budget deficit for the State. While the 1993/94 budget process is still in its initial stages, the 1993/94 budget proposed by the Governor on January 8, 1993 (the "Governor's Budget") contains significant decreases in spending. With respect to redevelopment agencies, the Governor's Budget shifts approximately \$300 million statewide in tax increment revenues from redevelopment agencies to schools. This \$300 million shift includes continuing the \$200 million shift enacted by SB 844, plus an additional \$100 million funded by the limitation of tax increment revenues a redevelopment agency could receive annually to the amount necessary to meet current year debt service.

The Governor's Budget represents the initial stage of the 1993/94 budget negotiations, and the Agency cannot predict which, if any, of the provisions with respect to redevelopment agencies will be included in the 1993/94 budget as finally enacted.

### **Tax Revenue Limitation**

Pursuant to SB 690 (Chapter 639, Statutes of 1985), the Agency was required to adopt an ordinance setting forth a limit on the amount of tax increments the Agency may receive with respect to each of its redevelopment project areas and a time limit as to the incurrence of indebtedness to be repaid with such gross tax allocation. The maximum amount of gross tax allocation the Agency may receive from the Project Area was established at \$5,098,032,285. For fiscal year 1992/93, the Agency expects to receive approximately \$6,234,559 of Tax Revenues from the Project Area.

## **THE AGENCY**

### **Authority and Management**

The Agency is a public body corporate and politic, organized and existing under and pursuant to the Constitution and laws of the State of California. It was established in 1970 with adoption of Ordinance No. 2269 pursuant to the Redevelopment Law. The five members of the City Council serve as governing body of the Agency and exercise all rights, powers, duties and privileges of the Agency. The Mayor serves as the Agency Chairperson. The current members of the Agency and their term of office are shown below:

<u>Name</u>	<u>Position</u>	<u>Expiration of Term</u>
George Battey	Chairman	May 1, 1995
Bill Wiggins	Vice Chairman	May 1, 1997
Robert R. Bowne	Member	May 1, 1995
Dave Golonski	Member	May 1, 1997
Susan E. Spanos	Member	May 1, 1997

The City Manager, under terms of a cooperative agreement between the City and the Agency, serves as Executive Director of the Agency. The present City Manager, Robert R. Ovrom, was named to that position in 1985.

The cooperative agreement also provides that City personnel are to provide the Agency with financial, planning, engineering, legal and other technical support staff. The Agency also maintains independent staff personnel. Various legal, auditing, architectural, financial consulting, and other professional services are contracted for as needed by the Agency.

### History of the Agency

In 1969, the City Council of the City of Burbank (the "City Council") and the City Administration began a comprehensive study and analysis of the City's commercial and industrial sectors. Consultants were retained to study the existing and future economic potential of the community, particularly in those areas experiencing the problems of age and obsolescence. Results of these studies brought about City Council action in 1970 with the formation of the Agency and the subsequent adoption of Redevelopment Plans for the Golden State Redevelopment Project in December 1970 and the City Centre Redevelopment Project in July 1971. In December 1976, the Agency adopted a Redevelopment Plan for the West Olive Redevelopment Project. The Series A Bonds are secured by Tax Revenues from the Golden State Redevelopment Project Area only. Tax Revenues derived from the other two redevelopment areas will not be used to pay the principal of and interest on the Series A Bonds.

### Other Projects

In addition to the Golden State Redevelopment Project, the Agency also oversees two other active redevelopment projects. The following table provides a brief comparative description of the three redevelopment projects.

<u>Project Name</u>	<u>Date Redevelopment Plan Adopted</u>	<u>Area (Acres)</u>	<u>1992/1993 Assessed Valuation</u>	<u>Base Year Valuation</u>	<u>1992/1993 Gross Tax Allocation</u>
City Centre Redevelopment Project	10/26/71	212	\$ 410,979,320	\$38,379,820	\$3,823,085
Golden State Redevelopment Project	12/19/70	1,107	1,086,392,933	328,741,900	7,793,199
West Olive Redevelopment Project	12/21/76	128	498,497,106	50,000,540	2,437,000*

Source: The Agency.

\* Reflects only 49% of gross tax allocation allocated to the Agency pursuant to an Agreement with the County.



## Agency Powers and Duties

The Agency is charged with the responsibility for elimination of blight through the process of redevelopment. Generally, this process is culminated with the Agency disposing of land for development by the private sector, but before this can be accomplished, the Agency must complete the process of acquiring and assembling the necessary sites, relocating residents and business, demolishing the deteriorated improvements, grading and preparing the sites for purchase by developers and providing for ancillary off-site improvements.

All powers of the Agency are vested in its five members. The Agency exercises all of the governmental functions authorized under the Redevelopment Law and has, among other powers, the authority to acquire, administer, develop and sell or lease property, including the right of eminent domain, and the right to issue bonds and expend the proceeds.

The Agency may clear buildings and other improvements, may develop as a building site any real property owned or acquired, and in connection with such development, may cause streets, highways and sidewalks to be constructed or reconstructed and public utilities to be installed. Further, the Agency may, out of funds available to it for such purposes, pay all or part of the value of land, cost of buildings, facilities, structures or other improvements to be publicly owned and operated, to the extent that such improvements are of benefit to the Project Area and are in strict conformity with the Project Plan.

Redevelopment in the State of California is carried out pursuant to the Redevelopment Law. Section 33020 of the Redevelopment Law defines redevelopment as the planning, development, replanning, redesign, clearance, reconstruction or rehabilitation, or any combination of these, of all or part of a survey area and the provision of such residential, commercial, industrial, public or other structures or spaces as may be appropriate or necessary in the interest of the general welfare, including recreational and other facilities incidental or appurtenant to them.

The Agency may, out of the funds available to it for such purposes, pay for all or part of the value of land and the cost of buildings, facilities, structures or other improvements to be publicly owned and operated, to the extent that such improvements are of benefit to the project area and no other reasonable means of financing is available. The Agency must sell or lease remaining property within a project for redevelopment by others in strict conformity with the redevelopment plan, and may specify a period within which such redevelopment must begin and be completed.

### Other Debt of the Agency

The following table outlines the other outstanding bonded indebtedness of the Agency and the project area to which such debt corresponds:

<u>Project Area</u>	<u>Date of Issuance</u>	<u>Final Maturity</u>	<u>Original Principal Amount (\$000)</u>	<u>Outstanding Principal Amount (\$000)</u>
City Centre Redevelopment Project Area	3/21/90	12/1/15	\$14,235	\$13,745
West Olive Redevelopment Project Area	12/23/83	12/1/13	\$14,000	\$14,000

At approximately the same time it expects to deliver the Series A Bonds, the Agency expects to issue approximately \$23,500,000 of refunding and new money tax allocation bonds of the City Centre Redevelopment Project. Such bonds will be secured by tax increment revenues from the City Centre Redevelopment Project and not by Tax Revenues from the Golden State Redevelopment Project Area.

### Financial Statements

Financial data for the Agency are provided for the three project areas, Golden State, City Centre, and West Olive, as well as on a combined Agency basis. The financial statements of the Agency for the fiscal year ended June 30, 1992 have been audited by KPMG Peat Marwick, independent certified public accountants, and are included herein as Appendix A. Such financial statements have been so included in reliance upon the report of KPMG Peat Marwick given upon their authority as experts in accounting and auditing. KPMG Peat Marwick have not been retained to review the financial data presented in this Official Statement and make no representations or warranties as to, or are responsible for, any of the matters contained herein.

### GOLDEN STATE REDEVELOPMENT PROJECT

#### The Project Area

The Project Area encompasses approximately 1,107 acres in the northwestern portion of the City of Burbank. As shown on the Location Map included in this Official Statement, the Project Area is located less than 13 miles from downtown Los Angeles, and is easily accessible to and from the Golden State Freeway (Interstate 5) and the Main and Coast Lines of the Southern Pacific Railroad. The Project Area includes the Burbank-Glen-dale-Pasadena Airport.



Initially, the Project Area supported diverse industrial uses revolving around the Project Area's principal property owner, Lockheed Corporation. More recently, the development trend in the Project Area has shifted toward retail, hotel and high-technology manufacturing uses. With the completion of Hilton Hotel and Conference Center, the Security Pacific Bank Building and the Community Bank facility, the area along Hollywood Way near the Burbank-Glendale-Pasadena Airport is emerging as a commercial and office corridor. In addition, high-technology manufacturing entities such as Calstart and Altium, and commercial land users including the Price Company, represent some of the recent land users situating in the Project Area.

### **The Redevelopment Plan**

The Redevelopment Plan for the Golden State Redevelopment Project was adopted by the City Council of the City at a public hearing held in December 1970. The Redevelopment Plan sets forth the principal land uses permitted and the building restrictions to be imposed in development within the Project Area. It also assigns the Agency and the City their respective responsibilities in carrying out the Redevelopment Plan. Provision is made for rehabilitation as well as new construction and sets forth conditions and procedures required under both approaches. Construction is required to comply with all applicable State and local laws in effect, including without limitation, Building, Electrical, Heating and Ventilating, Housing and Plumbing Codes of the City.

The Redevelopment Plan is generally implemented by the acquisition and assemblage of fragmented land parcels into larger blocks, to the extent possible, making the highest and best use of all available land consistent with the goals of the Redevelopment Plan. In addition to offering development opportunities, the Redevelopment Plan also provides for the widening of streets to better handle present and projected traffic loads, improving additional ingress to and egress from the Project Area, providing additional off street parking, and bringing in additional utility facilities.

### **History of the Project Area**

Since December 1970, the Project Area has undergone considerable changes due to redevelopment efforts. The first several years were involved in studies and the preparation of implementation plans. The Agency focused its attention on the acquisition of vacant, under-utilized and blighted parcels of land, which were to be cleared and made available for development. At the same time it started the process of constructing public improvements designed to improve and enhance the infrastructure, thus making the project more desirable for new development.

From 1973 to the present, the Agency has entered into numerous Disposition and Development Agreements, governing the development of approximately 4,512,047 square feet of land (approximately 104 acres) within the Project Area into approximately 2,018,300 square feet of building area. The Agency estimates the construction value of these developments to be

\$105,599,353. While the majority of development within the Project Area had been for small industrial users, development over the last few years has been for retail, hotel and high-technology uses. Highlights of recent development activity include the construction of a 120,000 square foot wholesale warehouse for the Price Club, the construction of a 21,000 square foot office building, the recent expansion of the Hilton Hotel and the Conference Center and the proposed development for Altium, a subsidiary of IBM. The Hilton Hotel and Altium developments are located on parcels formerly occupied by Lockheed Corporation and its subsidiaries. Since 1990, when Lockheed Corporation announced its intention to relocate its operations from the City, the Agency has been actively facilitating the development and resale of parcels formerly occupied by Lockheed Corporation and its subsidiaries. See "Development of Lockheed Site--Recent Development Activity" below for additional information.

The Development Status map on the following page shows the location of various recent developments in the Project Area and the location of future development contemplated for the Project Area.

In addition to providing development opportunities, the Agency participated in projects and plans that include the widening and resurfacing of many streets and alleys throughout the Project Area, the undergrounding of certain utilities on Empire Avenue and San Fernando Boulevard, and the landscape beautification of the Southern Pacific Railroad Right-of-Way, and various prominent traffic islands.

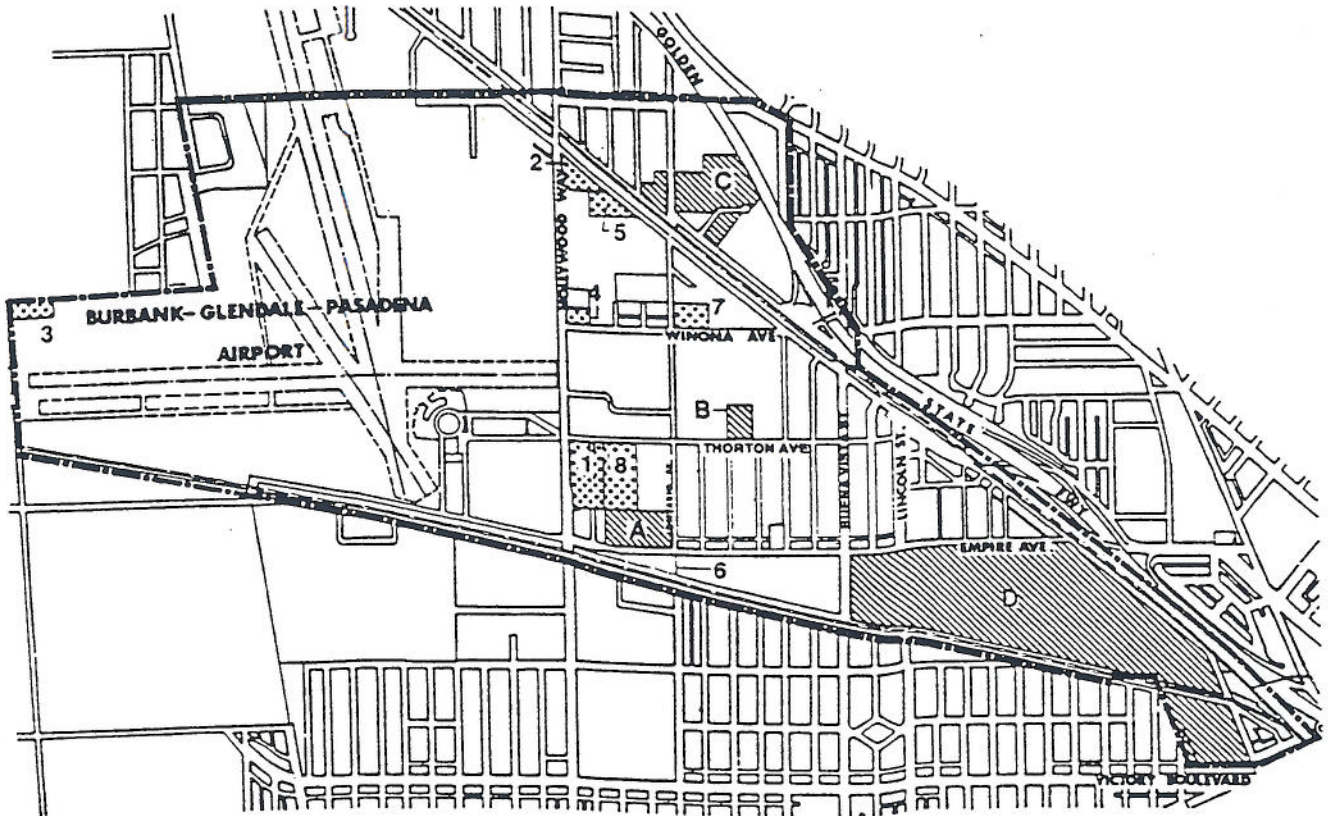
#### **Development of Lockheed Site**

**Relocation of Lockheed.** Under a plan initiated in 1990, Lockheed Corporation and its subsidiaries (collectively, "Lockheed") announced their intention to relocate their operations from the City, resulting in the potential sale or disposition of approximately 300 acres for development opportunities in the City and the elimination of approximately 10,000 jobs. Of the 300 acres to be vacated, approximately 260 acres are located within the Project Area ("Lockheed Site").

Since the time of its announcement, Lockheed has been clearing the Lockheed Site of improvements and personal property. As a result, the assessed valuation of the Lockheed Site has declined since Fiscal Year 1989/90, as shown in the following table:



# GOLDEN STATE REDEVELOPMENT PROJECT DEVELOPMENT STATUS



**COMPLETED/UNDER  
CONSTRUCTION**

- 1 BURBANK AIRPORT/HILTON
- 2 P.S.I.
- 3 THE PRICE CLUB
- 4 COMMUNITY BANK
- 5 INDUSTRIAL METAL SUPPLIES
- 6 1928 JEWELRY CO
- 7 AIRPORT BUSINESS CENTER
- 8 HILTON HOTEL EXPANSION  
AND CONFERENCE CENTER

**PROPOSED/  
POTENTIAL**

- A ALTUM INC.
- B HYRAIL STORAGE FACILITY
- C WEBER AIRCRAFT DEVELOPMENT SITE
- D LOCKHEED B-1 DEVELOPMENT SITE



0 500 1000 SCALE IN FEET

## LEGEND

- REDEVELOPMENT  
PROJECT BOUNDARY
- NOT IN PROJECT AREA

burbank  
redevelopment  
agency

REV. 29 MARCH 1992

### Historical Taxable Value: Lockheed Site

	Fiscal Year <u>1989/90</u>	Fiscal Year <u>1990/91</u>	Fiscal Year <u>1991/92</u>	Fiscal Year <u>1992/93</u>
Secured				
- Land	\$ 31,046,284	\$ 32,474,195	\$ 32,879,714	\$ 33,537,299
- Improvements	170,115,047	129,474,826	124,705,758	97,117,251
- Personal Property	<u>139,451,245</u>	<u>85,627,008</u>	<u>80,519,320</u>	<u>25,389,311</u>
Total Secured	\$340,612,576	\$247,576,029	\$238,104,792	\$156,043,861
Unsecured				
- Land	\$ --	\$ --	\$ --	\$ --
- Improvements	--	--	--	--
- Personal Property	<u>15,869,804</u>	<u>84,270,644</u>	<u>5,498,467</u>	<u>3,979,352</u>
Total Unsecured	\$ 15,869,804	\$ 84,270,644	\$ 5,498,467	\$ 3,979,352
TOTAL VALUATION	<u>\$356,482,380</u>	<u>\$331,846,673</u>	<u>\$243,603,259</u>	<u>\$160,023,213</u>

Source: The Agency.

The land portion of the secured value is primarily based upon the value of property in 1978-79 (when it was frozen under Proposition 13). Such land is valued on the County Assessor's rolls at an average value of approximately \$3.00 per square foot. See "TAX REVENUES AND BOND RETIREMENT -- Secured Valuation and Recent Fluctuations" herein for additional information. Upon disposition by Lockheed, all such real property will be reassessed to current market value. According to the Agency, recent sales of similar parcels of industrial uses have been sold for \$15 per square foot. See "--Impact on Tax Revenues" below for additional analysis. For additional information regarding the City, See Appendix B -- "GENERAL INFORMATION CONCERNING THE CITY OF BURBANK."

The ability to attain maximum resale value of the Lockheed Site, however, may be affected by the environmental condition of the property. The U.S. Environmental Protection Agency ("EPA") has included the Lockheed Site in the National Priority List of areas requiring substantial clean-up of hazardous substances contained in the groundwater. The EPA has identified 27 firms as being potentially responsible for the financing of such clean-up. Clean-up of the Lockheed Site has been occurring since September 1989. In March 1991 the EPA, Lockheed Corporation, Weber Aircraft, Inc. and the City entered into a Consent Decree which obligates Lockheed to design and construct facilities to monitor, extract and treat groundwater and to operate and maintain such facilities for approximately eight years. According to Lockheed's Form 10-K filed with the Securities



and Exchange Commission for the fiscal year ended December 27, 1992 (the "10-K Filing"), the estimated cost to comply with the terms of the Consent Decree over the term of the project, measured at the anticipated value of the expenditures at the time they are incurred, to be approximately \$125 million.

According to the 10-K Filing, Lockheed has also been operating under a cleanup and abatement order from the California Regional Water Quality Control Board affecting certain of its facilities in the City. The order requires site assessment and action to abate groundwater contamination by a combination of groundwater and soil cleanup and treatment. Under an agreement with the U.S. Government, according to the 10-K Filing, the costs of Lockheed's remediation efforts are allocated to all of Lockheed's operations as general and administrative costs. If future testing were to indicate the presence of additional soil or other contamination requiring significant clean-up or remediation expense with respect to the Lockheed Site, it could significantly delay the resale of the land.

**Recent Development Activity.** In response to Lockheed's announcement, the City began the process of preparing a comprehensive land use plan for the Project Area in July 1990. In May 1991, the City prepared a Framework Plan to provide a policy guideline for the City Council's review of land use applications for the recycling of the affected parcels. Pursuant to its Resolution No. 23,375, adopted on July 16, 1991, the City Council appropriated funds for the purpose of refining the Framework Plan, processing project applications within the program area, preparing amendments to the General Plan, Zoning Code, and the Redevelopment Plan as necessary to implement the policies of the City Council and the Agency. As described below, the Agency has already provided users for some of the vacated sites. At this time, however, much of the vacated land is still under consideration and provides the basis for future development in the Project Area.

The Agency has already facilitated the development of a portion of the Lockheed Site and is working on providing additional development opportunities for the remainder of the Lockheed Site. For example, in 1988, the Agency purchased a 20 acre parcel, commonly known as the "Building 85 Site," from Lockheed Aeronautical Systems Company, Inc. The Agency sold six acres of the Building 85 Site to facilitate the construction of a 250 room hotel tower of the Burbank Hilton Hotel and 40,000 square feet conference center. An additional two acres of the Building 85 Site was used for additional parking facilities for the hotel and conference facilities. The hotel and conference center improvements were completed in January 1991 at a construction cost of approximately \$25,000,000. The Agency sold approximately 1.77 acres of the Building 85 Site to The 1928 Jewelry Company to accommodate the expansion of the Company's existing facilities. The Company manufactures plastic jewelry and currently employs approximately 1,030 persons. The Company completed the construction of its 21,532 square foot two-story office and merchandise showroom and a 10,045 square foot garage.



The Agency has entered into a Disposition and Development Agreement for the development of the remaining 10.5 acres of the Building 85 Site. The developer is expected to construct up to 450,000 square feet of office space in two phases. Phase I of the project will consist of a 129,000 square feet building for a major tenant, Altium. Altium is a subsidiary of IBM and will employ approximately 300 employees at the facility. The construction value of Phase I of the facility is approximately \$20,000,000.

In addition to facilitating development of the Building 85 Site, the Agency has also provided assistance in leasing a former Lockheed occupied building, commonly known as the "Building 80 Site". In April 1992, the Agency entered into a Commercial Rehabilitation Loan Agreement with Calstart to provide tenant improvements on the Building 80 Site. Calstart is a non-profit consortium of over 40 public and private entities, including Amerigon, Inc., Pacific Gas and Electric, Southern California Edison, Lockheed Corporation, Hughes Aircraft, and other similar entities, organized to design advanced transit systems and prototype electric vehicles. Calstart has completed all tenant improvements necessary and is currently occupying the property. The Agency expects that the presence of entities such as Calstart, will attract other such high-technology users to the Project Area.

**Future Development Plans.** Two large parcels vacated by Lockheed, consisting of approximately 100 acres each, are being considered for development. One such parcel is being considered as a possible site of the new terminal facility at the Burbank-Glendale-Pasadena Airport (the "Airport"). The Airport, consisting of approximately 441 acres, is located primarily within the Project Area. As advised by the FAA in advisory circular 150-5300-13, dated June 5, 1991, the existing Airport terminal is no longer in conformity with current FAA standards. To satisfy the applicable current FAA design standards, approximately 141 acres of land situated northeast of the Airport is being considered for the new terminal facility site. Approximately 100 acres of the future site are owned by Lockheed. On March 22, 1993 the Airport Authority certified an EIR for the terminal relocation pursuant to the California Environmental Quality Act (CEQA). Law suits have been filed by the Los Angeles Unified School District and the City of Los Angeles challenging the adequacy of the EIR. Upon resolution of these lawsuits, the Airport Authority intends to proceed with acquisition of the new terminal site. There is no assurance that the alternative terminal location will include the use of the 100 acre parcel. In addition, because of the substantial cost in constructing such facility, there is no assurance that the relocating of the terminal facility will be feasible.

The Agency is also considering several possible uses for a 89 acre Lockheed-owned site, commonly known as the B-1 / Building 199 site. This site is expected to be demolished and cleared by Lockheed during 1993 and is being considered for one of three developments: a major sports arena, a retail "power center" consisting of 750,000 square feet, and the expansion site of 20th Century Fox Studios. The Agency has reached various stages of negotiations with the potential users of this site. Discussions with



respect to the development of this site continue with all three possible users. To accommodate the prospective uses to occur without further discretionary action, the Agency is proceeding with an entitlement process for the site. The entitlement process includes a Zone Text Amendment, an EIR and appropriate modifications to the Redevelopment Plan and the City's General Plan. At this time, the Agency cannot predict the future user of the site, but expects that present negotiations will yield future development on the site.

**Impact on Tax Revenues.** Based on the fiscal year 1989/90 assessed valuation of \$356.5 million and the fiscal year 1992/93 assessed valuation of \$160 million, the net decline of the taxable assessed valuation in the Project Area attributable to the relocation of Lockheed Corporation and its subsidiaries from the Project Area was approximately \$196.5 million. As described in "-- Relocation of Lockheed" above, this decline reflects (a) a decline of approximately \$73 million attributable to the demolition of improvements (from approximately \$170 million in fiscal year 1989/90 to approximately \$97 million in fiscal year 1992/93) and (b) a decline of \$126 million in secured and unsecured personal property (from approximately \$155 million in fiscal year 1989/90 to approximately \$29 million in fiscal year 1992/93). The reduction of assessed valuation attributable to the demolition of improvements owned by Lockheed has been offset during the same period by an increase in the assessed value of parcels within the Project Area. In addition, as portions of the Lockheed Site are resold, the reassessment of such real property to current market value and subsequent development upon such portions of the Lockheed Site may further increase the assessed value of the Project Area. The Agency believes that most of the adjustments due to Lockheed's relocation has already been experienced and projects that any further clearing of the Lockheed Site will not affect its ability to pay debt service on the Series A Bonds. No assurances can be given that the Tax Revenues will not further fluctuate as a result of Lockheed's relocation. See "TAX REVENUES AND BOND RETIREMENT -- Current Tax Revenues" herein for additional information.

#### **Intended Uses of Proceeds**

The Agency expects to use Series A Bond proceeds for general redevelopment purposes, including, but not limited to street intersection and freeway interchange improvements, parking facilities, regional transit facilities and other public facilities all as contemplated under the Redevelopment Plan.

#### **Major Property Taxpayers**

The following table sets forth the ten largest assessees within the Project Area. These assessees represent a total assessed valuation of approximately \$288.3 million, or approximately 26% of the assessed valuation within the Project Area. To the Agency's knowledge, none of the below listed property owners have pending appeals with respect to their assessed valuation.

**LARGEST ASSESSEES IN THE PROJECT AREA**  
(Fiscal Year 1992/93)

<u>Assessee</u>	<u>Number of Acres</u>	<u>Use</u>	<u>Taxable Value</u>
1. Lockheed Corporation	207.27	Aircraft Mfg.	\$141,799,605(1)
2. Burbank Partners	14.91	Hotel	50,796,594
3. Crane Company	11.54	Manufacturing	19,073,769
4. Lockheed Air Terminal Inc.	176.74(2)	Airport Operation	14,252,265(1)
5. Pacific Air Motive Corporation Inc.	8.38(3)	Aviation Service	12,158,327
6. Price Company	11.41	Retail	11,046,942
7. AREH	8.03	Manufacturing	10,513,657
8. Winona Community Associates	3.01	Office	9,738,415
9. Molding Corporation of America Inc.	4.58	Manufacturing	9,610,186
10. Media Aviation Ltd. Partnership	251.05(4)	Aircraft Service/ Maintenance	<u>9,283,910</u>
TOTAL			<u>\$288,273,670</u>

Source: The Agency.

- (1) Does not add to the fiscal year 1992/93 taxable value for Lockheed as shown under "--Development of Lockheed Site" above. Certain other Lockheed owned property within the Project Area has not been included in this table.
- (2) Includes 94.72 acres of Airport Authority property.
- (3) Includes 0.94 acres of City property.
- (4) Includes 251.05 acres of Airport Authority property.

**Pending Appeals**

Due to the presence of Burbank-Glendale-Pasadena Airport in the Project Area, approximately 52.3% of the taxable assessed valuation in the Project Area is attributable to unsecured personal property (reflecting primarily the value of the aircraft and related equipment used by airline companies and privately owned airplanes). As of the date hereof, there are several assessment appeals pending with the Los Angeles County Assessment Appeals Board involving approximately \$350 million of assessed valuation on aircraft and related equipment. Based on the Agency's experience, such appeals by airline companies are filed in all jurisdictions as a matter of practice and, based on resulting historical adjustments as a result of such appeals in the Project Area, the Agency expects that the appeal will result in a reduction of unsecured property assessed valuation within the Project Area of between 9-10%, or approximately \$35 million. Accordingly, the gross tax allocation lost due to such reduction is expected to be approximately \$350,000. While the Agency would experience a reduction of Tax Revenues available for debt service as a result of such reduction, the Agency expects that remaining Tax Revenues after such re-assessment would continue to provide sufficient coverage on the Series A Bonds as set forth in "TAX REVENUES AND BOND RETIREMENT -- Estimated Debt Service and Coverage" herein.



## TAX REVENUES AND BOND RETIREMENT

### Current Tax Revenues

Tax Revenues derived each year from the levy and collection of taxes on any increase in the assessed valuation of land, improvements, personal property and public utility property in the Project Area over and above the base roll for such property are to be deposited in the Special Fund and applied to the payment of interest of and principal on the Series A Bonds. The Trustee will set aside: (1) in the Interest Account moneys sufficient to pay interest due on the Bonds, (2) in the Principal Account and Sinking Accounts, moneys sufficient to pay principal and Sinking Account installments, and (3) in the Reserve Account an amount needed to maintain the balance therein equal to the Reserve Requirement. Once such debt service and Reserve Account requirements have been fully satisfied for each Bond Year, moneys then remaining in the Special Fund and Tax Revenues subsequently received during that Bond Year will be released to the Agency for any lawful purpose.

Table 1 sets forth the fiscal year 1992/93 assessed valuation for the Project Area to indicate the gross tax allocation. The Agency's gross tax allocation, based on the incremental taxable value is expected to equal \$7,793,199 million in fiscal year 1992/93.

TABLE 1

#### PROJECT AREA GROSS TAX ALLOCATION FISCAL YEAR 1992/93

Secured and Unsecured Assessed Valuation	\$1,086,392,933
Less Base Year Value	<u>(328,741,900)</u>
Incremental Taxable Value	\$ <u>757,651,033</u>
Gross Tax Allocation	\$ <u>7,793,199</u>

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Source: Assessor, County of Los Angeles and the Agency.

### Historic Assessed Valuation

Table 2 sets forth a history of secured and unsecured assessed valuation for the Project Area since fiscal year ended June 30, 1987.

TABLE 2  
PROJECT AREA  
HISTORIC ASSESSED VALUATION

Fiscal Year Ending June 30	Secured Assessed Valuation				Unsecured Assessed Valuation			
	Land	Improvements	Personal Property	Total Secured Valuation	Improvements	Personal Property (1)	Total Unsecured Valuation	Total Assessed Valuation
1987	\$106,058,323	\$270,507,665	\$123,712,445	\$500,278,433	\$32,737,438	\$313,386,017	\$346,123,455	\$ 846,401,888
1988	110,549,105	287,632,831	139,851,819	538,033,755	42,314,492	364,256,563	406,571,055	944,604,810
1989	119,985,791	303,309,514	121,675,275 (2)	544,970,580	90,370,546	289,818,472 (2)	380,189,018	925,159,598
1990	131,964,266	333,452,751	152,591,558	618,008,575	42,600,492	381,644,119	424,244,611	1,042,253,186
1991	148,309,561	301,396,316 (3)	105,527,061 (4)	555,232,938	75,050,999	507,355,602	582,406,601	1,137,639,539
1992	155,815,734	326,862,217	102,386,820	585,068,771	36,539,289	544,617,256	581,156,545	1,166,225,316
1993	166,108,574	305,069,671 (5)	47,198,084 (6)	518,376,329	42,429,217	525,587,387	568,016,604	1,086,392,933

Source: The Agency.

- (1) The large amount of personal property component of unsecured assessed valuation within the Project Area reflects the value of aircraft and related equipment of airline companies and private owners that use the Burbank-Glendale-Pasadena Airport, which is located within the Project Area.
- (2) During this fiscal year, assessed value related to public utilities were removed from the County Assessor's rolls.
- (3) During this fiscal year, the improvement component of secured valuation attributable to Lockheed declined by \$40,640,221 from \$170,115,048 to \$129,474,826. This decline, however, was adjusted by new development during this same period. See "GOLDEN STATE REDEVELOPMENT PROJECT -- Development of Lockheed Site."
- (4) During this period, the personal property component of secured valuation attributable to Lockheed declined by \$53,824,237 from \$139,451,245 to \$85,627,008. See "GOLDEN STATE REDEVELOPMENT PROJECT -- Development of Lockheed Site."
- (5) During this period, the secured valuation attributable to Lockheed improvements declined by \$27,588,507 from \$124,705,758 in Fiscal Year 1990-91 to \$97,117,251 in Fiscal Year 1991-92 due to demolition of improvements by Lockheed. See "GOLDEN STATE REDEVELOPMENT PROJECT -- Development of Lockheed Site."
- (6) During the period, the secured valuation attributable to Lockheed personal property declined by \$55,130,009 from \$80,519,320 to \$25,389,311. See "GOLDEN STATE REDEVELOPMENT PROJECT -- Development of Lockheed Site."



### Historical Tax Increment, Gross Tax Allocation and Tax Revenues

Table 3 sets forth a history of tax levies, gross tax allocation and Tax Revenues since fiscal year ended June 30, 1987.

TABLE 3

**PROJECT AREA**  
**HISTORICAL TAX INCREMENT, GROSS TAX ALLOCATION AND TAX REVENUES**

Fiscal Year Ending June 30	Total Taxable Value(1)	Incremental Taxable Value(2)	Total Tax Increment(3)	Unitary Tax Revenues(4)	Gross Tax Allocation	Housing Set-Aside Amounts(5)	Tax Revenues(6)
1987	\$846,401,888	\$517,659,988	\$5,252,281	\$186,921	\$5,439,202	-	-
1988	944,604,810	615,862,910	6,257,163	223,417	6,480,580	-	-
1989	925,159,598	596,417,698	6,134,753	67,639	6,202,392	\$1,226,951	\$4,907,802
1990	1,042,253,186	713,511,286	7,339,177	66,735	7,405,912	1,467,836	5,871,341
1991	1,137,639,539	808,897,639	8,320,321	64,838	8,385,259	1,664,064	6,656,257
1992	1,166,225,316	837,483,416	8,614,354	208,024	8,822,379	1,722,871	6,891,483
1993	1,086,392,933	757,651,033	7,793,199	N/A(7)	7,793,199	1,558,640	6,234,559(8)

Source: Assessor, County of Los Angeles and the Agency.

- (1) See table 2 above.  
(2) Incremental taxable value equals the difference between total taxable value and the base year value of \$328,741,900.  
(3) Excludes unitary revenue allocated per AB 454.  
(4) Allocated pursuant to AB 454.  
(5) Reflects amounts to be set-aside in the Low and Moderate Income Housing Fund.  
(6) Reflects Tax Revenues (net of Housing Set-Aside Amount) calculated from the actual amounts received by the Agency.  
(7) As of fiscal year 1992/93, the Agency no longer receives the tax increment attributable to the assessed valuation of unitary property from the County. As a result, it cannot predict the amount of unitary tax revenues which will be allocated to the Agency for this fiscal year. See "PROPERTY TAX COLLECTION AND LIMITATIONS ON TAX REVENUES -- Unitary Property."  
(8) Estimated.



### **Debt Service and Coverage**

Table 4 sets forth the debt service on the Series A Bonds assuming that the Agency will release the moneys deposited in the Special Escrow Fund on December 1, 1995. The Agency expects that the Tax Revenues available as of December 1, 1995 will be at least equal to fiscal year 1992/93 Tax Revenues and expects that it will be able to release the amounts deposited in the Special Escrow Fund to finance additional redevelopment projects.

**TABLE 4**  
**SERIES A BONDS**  
**DEBT SERVICE SCHEDULE**  
**(Assuming December 1, 1995 Release of Amounts Deposited in**  
**Special Escrow Fund)**

<u>Year Ending December 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Debt Service on the Term Bond of 2024(1)</u>	<u>Net Debt Service(2)</u>
1993	\$ 410,000	\$2,001,086.25	\$2,411,086.25	\$334,687.50	\$2,076,398.75
1994	830,000	3,990,897.50	4,820,897.50	669,375.00	4,151,522.50
1995	865,000	3,963,922.50	4,828,922.50	669,375.00	4,159,547.50
1996	895,000	3,930,187.50	4,825,187.50	—	4,825,187.50
1997	930,000	3,892,150.00	4,822,150.00	—	4,822,150.00
1998	1,135,000	3,850,300.00	4,985,300.00	—	4,985,300.00
1999	1,200,000	3,793,987.50	4,993,987.50	—	4,993,987.50
2000	1,250,000	3,731,800.00	4,981,800.00	—	4,981,800.00
2001	1,325,000	3,665,980.00	4,990,980.00	—	4,990,980.00
2002	1,390,000	3,595,032.50	4,985,032.50	—	4,985,032.50
2003	1,470,000	3,519,415.00	4,989,415.00	—	4,989,415.00
2004	1,550,000	3,438,165.00	4,988,165.00	—	4,988,165.00
2005	1,635,000	3,351,152.50	4,986,152.50	—	4,986,152.50
2006	1,730,000	3,258,000.00	4,988,000.00	—	4,988,000.00
2007	1,825,000	3,157,200.00	4,982,200.00	—	4,982,200.00
2008	1,940,000	3,050,887.50	4,990,887.50	—	4,990,887.50
2009	2,050,000	2,937,837.50	4,987,837.50	—	4,987,837.50
2010	2,175,000	2,814,050.00	4,989,050.00	—	4,989,050.00
2011	2,300,000	2,682,712.50	4,982,712.50	—	4,982,712.50
2012	2,440,000	2,543,825.00	4,983,825.00	—	4,983,825.00
2013	2,595,000	2,396,487.50	4,991,487.50	—	4,991,487.50
2014	2,750,000	2,239,775.00	4,989,775.00	—	4,989,775.00
2015	2,915,000	2,073,712.50	4,988,712.50	—	4,988,712.50
2016	3,085,000	1,897,675.00	4,982,675.00	—	4,982,675.00
2017	3,275,000	1,711,375.00	4,986,375.00	—	4,986,375.00
2018	3,475,000	1,513,600.00	4,988,600.00	—	4,988,600.00
2019	3,685,000	1,303,737.50	4,988,737.50	—	4,988,737.50
2020	3,910,000	1,081,187.50	4,991,187.50	—	4,991,187.50
2021	4,135,000	845,050.00	4,980,050.00	—	4,980,050.00
2022	4,395,000	595,325.00	4,990,325.00	—	4,990,325.00
2023	4,655,000	329,887.50	4,984,887.50	—	4,984,887.50
2024	780,000	48,750.00	828,750.00	—	828,750.00

Source: Dean Witter Reynolds Inc.

- (1) Debt service on the Term Bond of 2024 will be payable from interest earnings on the amount deposited in the Special Escrow Fund (invested at a rate of 5.10%) and interest earnings on the amount deposited in the Reserve Account (invested at a rate of 6.80%). See "SECURITY FOR THE BONDS — Special Escrow Fund."
- (2) Represents the total debt service net of debt service on the Term Bond of 2024.



Table 5 sets forth the debt service on the Series A Bonds in the event the Term Bond of 2024 is redeemed pursuant to the Special Mandatory Redemption as described in "THE SERIES A BONDS -- Redemption -- Special Mandatory Redemption" herein.

**TABLE 5**  
**GOLDEN STATE PROJECT AREA**  
**DEBT SERVICE SCHEDULE**  
**(Assumes December 1, 1998 Special Mandatory Redemption)**

<u>Year Ending December 1</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Debt Service on the Term Bond of 2024(1)</u>	<u>Net Debt Service(2)</u>
1993	\$ 410,000	\$2,001,086.25	\$2,411,086.25	\$334,687.50	\$2,076,398.75
1994	830,000	3,990,897.50	4,820,897.50	669,375.00	4,151,522.50
1995	865,000	3,963,922.50	4,828,922.50	669,375.00	4,159,547.50
1996	895,000	3,930,187.50	4,825,187.50	669,375.00	4,155,812.50
1997	930,000	3,892,150.00	4,822,150.00	669,375.00	4,152,775.00
1998	975,000	3,850,300.00	4,825,300.00	669,375.00	4,155,925.00
1999	1,025,000	3,134,612.50	4,159,612.50	—	4,159,612.50
2000	1,070,000	3,083,362.50	4,153,362.50	—	4,153,362.50
2001	1,130,000	3,028,792.50	4,158,792.50	—	4,158,792.50
2002	1,185,000	2,970,032.50	4,155,032.50	—	4,155,032.50
2003	1,250,000	2,907,227.50	4,157,227.50	—	4,157,227.50
2004	1,315,000	2,839,727.50	4,154,727.50	—	4,154,727.50
2005	1,390,000	2,767,402.50	4,157,402.50	—	4,157,402.50
2006	1,465,000	2,689,562.50	4,154,562.50	—	4,154,562.50
2007	1,550,000	2,605,325.00	4,155,325.00	—	4,155,325.00
2008	1,640,000	2,516,200.00	4,156,200.00	—	4,156,200.00
2009	1,735,000	2,421,900.00	4,156,900.00	—	4,156,900.00
2010	1,840,000	2,317,800.00	4,157,800.00	—	4,157,800.00
2011	1,945,000	2,207,400.00	4,152,400.00	—	4,152,400.00
2012	2,065,000	2,090,700.00	4,155,700.00	—	4,155,700.00
2013	2,190,000	1,966,800.00	4,156,800.00	—	4,156,800.00
2014	2,325,000	1,835,400.00	4,160,400.00	—	4,160,400.00
2015	2,460,000	1,695,900.00	4,155,900.00	—	4,155,900.00
2016	2,605,000	1,548,300.00	4,153,300.00	—	4,153,300.00
2017	2,765,000	1,392,000.00	4,157,000.00	—	4,157,000.00
2018	2,930,000	1,226,100.00	4,156,100.00	—	4,156,100.00
2019	3,105,000	1,050,300.00	4,155,300.00	—	4,155,300.00
2020	3,295,000	864,000.00	4,159,000.00	—	4,159,000.00
2021	3,485,000	666,300.00	4,151,300.00	—	4,151,300.00
2022	3,700,000	457,200.00	4,157,200.00	—	4,157,200.00
2023	3,920,000	235,200.00	4,155,200.00	—	4,155,200.00
2024	—	—	—	—	—

Source: Dean Witter Reynolds Inc.

- (1) Debt service on the Term Bond of 2024 will be payable from interest earnings on the amount deposited in the Special Escrow Fund (invested at a rate of 5.10%) and interest earnings on the amount deposited in the Reserve Account (invested at a rate of 6.80%). See "SECURITY FOR THE BONDS -- Special Escrow Fund."
- (2) Represents the total debt service net of debt service on the Term Bond of 2024.

Table 6 sets forth the estimated Tax Revenues for Fiscal Year 1992/93 pledged to the payment of debt service on the Series A Bonds, together with projected debt service coverage.

**TABLE 6**  
**PROJECT AREA**  
**PROJECTED DEBT SERVICE AND COVERAGE**

1992/93 Tax Revenues Net of Housing Set-Aside Amounts	\$6,234,559 <sup>(1)</sup>
Maximum Annual Debt Service on the Series A Bonds	
Less Debt Service on the Term Bond of 2024	4,160,400 <sup>(2)</sup>
Coverage Ratio	<u>1.50</u> times

---

Source: The Agency and Dean Witter Reynolds Inc.

(1) See Table 3.

(2) See Table 4 and 5.

#### **THE AUTHORITY**

The Burbank Public Financing Authority was formed pursuant to the provisions of Article 1 of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California and the Joint Exercise of Powers Agreement, dated March 16, 1993 (the "Agreement"), by and between the City and the Agency. The Authority was formed to assist in the financing of public capital improvements, such as the Redevelopment Project, the West Olive Redevelopment Project and the City Centre Redevelopment Project.

The Authority functions as an independent entity and its policies are determined by a five-member Governing Board consisting of the City Council.

#### **THE CITY**

The Project Area is located within the City of Burbank. For general information concerning the City of Burbank, see Appendix B - "GENERAL INFORMATION CONCERNING THE CITY OF BURBANK."

#### **CERTAIN LEGAL MATTERS**

Upon the delivery of the Series A Bonds, Jones Hall Hill & White, A Professional Law Corporation, San Francisco, California, Bond Counsel, will issue its opinion approving the validity of the Series A Bonds, the form of which opinion is set forth in Appendix C hereto. Certain legal matters will



be passed upon for the Underwriters by Brown & Wood, San Francisco, California.

#### TAX MATTERS

In the opinion of Jones Hall Hill & White, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Series A Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings.

The opinions set forth in the preceding paragraph are subject to the condition that the Agency comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series A Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The Agency has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Series A Bonds. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Series A Bonds.

Prospective purchasers of the Series A Bonds should be aware that, under existing law, for the purpose of computing the 20 percent federal alternative minimum tax imposed on corporations, an amount equal to 75 percent of the amount by which adjusted current earnings exceed alternative minimum taxable income is added to alternative minimum taxable income. Interest otherwise excluded from gross income, such as interest on the Series A Bonds, is included in adjusted net book income and in adjusted current earnings.

Prospective purchasers of the Series A Bonds should also be aware that (i) section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Series A Bonds, or in the case of a financial institution, that portion of such financial institution's interest expense allocable to interest payable on the Series A Bonds, (ii) with respect to insurance companies subject to the tax imposed by section 831 of the Code, section 831(b)(5)(B)(i) of the Code reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Series A Bonds, (iii) for taxable years beginning before January 1, 1996, interest on the Series A Bonds earned by some corporation could be subject to the environmental tax imposed by section 59A of the Code, (iv) interest on the Series A Bonds earned by certain foreign corporations doing business in the United States could be subject to a



branch profits tax imposed by section 884 of the Code, (v) passive investment income, including interest on the Series A Bonds, may be subject to federal income taxation under section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive investment income and (vi) section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining the taxability of such benefits, receipts or accruals of interest on the Series A Bonds.

In the further opinion of Bond Counsel, interest on the Series A Bonds is exempt from California personal income taxes.

#### **ABSENCE OF LITIGATION**

To the best knowledge of the Agency, there is no action, suit, proceeding or investigation at law or in equity before or by any court or governmental agency or body pending or threatened against the Agency to restrain or enjoin the authorization, execution or delivery of the Series A Bonds, or the pledge of the Tax Revenues or the collection of the payments to be made pursuant to the Resolution, or in any way contesting or affecting validity of the Series A Bonds or the Indenture.

#### **RATINGS**

Moody's Investors Service, Inc. and Standard & Poor's Corporation have assigned their municipal bond ratings of "Baa 1" and "A-," respectively, to this issue of Series A Bonds.

The rating reflects only the views of the rating agency, and does not constitute a recommendation to buy, sell or hold securities. Explanations of the significance of the rating is be obtained from the rating agency. The rating is subject to revision or withdrawal at any time by the rating agency, and there is no assurance that the rating will continue for any period of time or that it will not be revised or withdrawn. Any revision or withdrawal of the rating could have an adverse effect on the market price of the Series A Bonds.

#### **VERIFICATION OF MATHEMATICAL COMPUTATIONS**

Ernst & Young, Tucson, Arizona, a firm of independent certified public accountants, upon delivery of the Series A Bonds, will deliver to the Agency its attestation report indicating that it has examined, in accordance with standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of computations prepared by the Underwriters relating to (a) the sufficiency of the anticipated receipts from the federal securities, together with the initial cash deposit, to pay,



when due, the principal, interest and early redemption premium requirements, if any, of the First Lien Bonds and the Secured Lien Bonds, and (b) the "yield" on the federal securities and on the Series A Bonds.

The report of Ernst & Young, Tucson, Arizona will include the statement that the scope of their engagement was limited to verifying the mathematical accuracy of the computations contained in such schedules provided to them and that they have no obligation to update their report because of events occurring, or data or information coming to their attention, subsequent to the date of their report.

#### UNDERWRITING

The Underwriters have agreed, subject to certain conditions, to purchase the Series A Bonds from the Authority at a purchase price of \$67,597,793 (representing an underwriters' discount of \$667,230 and an original issue discount of \$734,977) plus accrued interest on the Series A Bonds from their date to the date of delivery to the Underwriters. The Agency has agreed to simultaneously sell the Series A Bonds to the Authority at the same purchase price. The sole function of the Authority with respect to the Series A Bonds is to facilitate a negotiated sale of the Series A Bonds to the Underwriters in accordance with applicable law. The Underwriters' obligations are subject to certain conditions precedent and it will be obligated to purchase all such Series A Bonds if any such Series A Bonds are purchased. The public offering prices may be changed from time to time by the Underwriters.

#### MISCELLANEOUS

References are made herein to certain documents and reports which are brief summaries thereof which do not purport to be complete or definitive and reference is made to such documents and reports for full and complete statements of the contents thereof.

Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement between the Agency and the purchasers or owners of any of the Series A Bonds.

The execution and delivery of this Official Statement has been duly authorized by the Agency.

REDEVELOPMENT AGENCY OF THE CITY OF  
BURBANK, CALIFORNIA

By: /s/ Robert R. Ovrom  
Executive Director





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APPENDIX A

AUDITED FINANCIAL STATEMENTS  
OF THE AGENCY  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 1992



**KPMG** Peat Marwick

Certified Public Accountants

**REDEVELOPMENT AGENCY OF THE  
CITY OF BURBANK**

(A Component Financial Reporting Unit  
of the City of Burbank, California)

Annual Financial Report

June 30, 1992

(With Independent Auditors' Report Thereon)

**REDEVELOPMENT AGENCY OF THE CITY OF BURBANK**  
(A Component Financial Reporting Unit  
of the City of Burbank, California)

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**REDEVELOPMENT AGENCY OF THE CITY OF BURBANK**

(A Component Financial Reporting Unit of  
the City of Burbank, California)

Supplementary Information – Combining Financial Statements

## INDEPENDENT AUDITORS' REPORT

The Honorable Chairman and  
Board of Directors of the Redevelopment  
Agency of the City of Burbank:

We have audited the accompanying component unit financial statements of the Redevelopment Agency of the City of Burbank (Agency) (a component financial reporting unit of the City of Burbank, California) as of and for the year ended June 30, 1992, as listed in the accompanying table of contents. These component unit financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the component unit financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Redevelopment Agency of the City of Burbank as of June 30, 1992 and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the component unit financial statements taken as a whole. The supplementary combining financial statements listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the component unit financial statements of the Redevelopment Agency of the City of Burbank. Such information has been subjected to the auditing procedures applied in the audit of the component unit financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the component unit financial statements taken as a whole.

*KPMG Peat Marwick*

October 23, 1992



# REDEVELOPMENT AGENCY OF THE CITY OF BURBANK

(A Component Financial Reporting Unit  
of the City of Burbank, California)

Combined Balance Sheet -  
All Fund Types and Account Groups

June 30, 1992

(In thousands)

Assets and Other Debits	Governmental Fund Types		Account Groups		Total (memorandum only)
	Debt Service	Capital Projects	General Fixed Assets	General Long-Term Debt	
Cash and investments	\$ —	36,725	—	—	36,725
Restricted cash and investments	23,458	—	—	—	23,458
Accounts receivable	—	50	—	—	50
Interest receivable	432	926	—	—	1,358
Taxes receivable	2,806	—	—	—	2,806
Note receivable	—	7,730	—	—	7,730
Interfund receivables	—	1,879	—	—	1,879
Due from City of Burbank	—	30	—	—	30
Land held for resale	—	29,307	—	—	29,307
Prepaid expenses	—	1	—	—	1
Advances to other funds	—	19,030	—	—	19,030
Fixed assets	—	—	18,500	—	18,500
Amount available in debt service fund	—	—	—	24,313	24,313
Amount to be provided for the retirement of long-term debt	—	—	—	136,180	136,180
Total assets and other debits	\$ 26,696	95,678	18,500	160,493	301,367
Liabilities, Fund Balances and Other Credits					
Accounts payable	\$ 218	574	—	—	792
Interfund payable	1,879	—	—	—	1,879
Due to City of Burbank	286	11,688	—	—	11,974
Intergovernmental payable	—	832	—	—	832
Notes payable	—	—	—	27,016	27,016
Advances payable	—	—	—	70,654	70,654
Contracts payable	—	—	—	348	348
Deposits	—	1,275	—	—	1,275
Revenue bonds	—	—	—	62,475	62,475
Total liabilities	2,383	14,369	—	160,493	177,245
Fund balances and other credits:					
Investment in fixed assets	—	—	18,500	—	18,500
Fund balances:					
Reserved for:					
Encumbrances	—	5,030	—	—	5,030
Prepaid expenses	—	1	—	—	1
Land held for resale	—	29,307	—	—	29,307
Advances to other funds	—	19,030	—	—	19,030
Note receivable	—	7,730	—	—	7,730
Capital improvement	—	7,336	—	—	7,336
Land contingency	—	2,151	—	—	2,151
Unreserved - designated for debt service	24,313	—	—	—	24,313
Unreserved - designated for capital improvement	—	10,724	—	—	10,724
Total fund balances and other credits	24,313	81,309	18,500	—	124,122
Total liabilities, fund balances and other credits	\$ 26,696	95,678	18,500	160,493	301,367

See accompanying notes to component unit financial statements.

**REDEVELOPMENT AGENCY OF  
THE CITY OF BURBANK**

(A Component Financial Reporting Unit  
of the City of Burbank, California)

Combined Statement of Revenues, Expenditures and  
Changes in Fund Balances – All Governmental Fund Types

June 30, 1992

(In thousands)

	Governmental Fund Types		Total (memorandum only)
	Debt Service	Capital Projects	
Revenues:			
Property tax allocation	\$ 17,597	—	17,597
Use of money or property	2,374	4,026	6,400
Charges for services	—	257	257
Total revenues	19,971	4,283	24,254
Expenditures:			
General government	—	2,580	2,580
Capital outlay	—	24,119	24,119
Debt service:			
Principal	2,463	—	2,463
Interest	6,789	—	6,789
Total expenditures	9,252	26,699	35,951
Excess of revenues over (under) expenditures	10,719	(22,416)	(11,697)
Other financing sources (uses):			
Operating transfer in	355	4,371	4,726
Operating transfer out	(9,139)	(2,698)	(11,837)
Proceeds from note payable	—	18,789	18,789
Advances from City	—	42	42
Advances from other funds	—	2,868	2,868
Total other financing sources (uses)	(8,784)	23,372	14,588
Excess of revenues over expenditures and other financing sources (uses)	1,935	956	2,891
Fund balances, July 1, 1991	22,378	80,353	102,731
Fund balances, June 30, 1992	\$ 24,313	81,309	105,622

See accompanying notes to component unit financial statements.



**REDEVELOPMENT AGENCY OF THE CITY OF BURBANK**  
(A Component Financial Reporting Unit  
of the City of Burbank, California)

**Combined Statement of Revenues, Expenditures and Changes in Fund  
Balances - Budget and Actual - All Governmental Fund Types**

June 30, 1992  
(In thousands)

	Debt Service Funds			Capital Projects Funds		
	Appropriated budget	Actual	Variance favorable (unfavorable)	Appropriated budget	Actual	Variance favorable (unfavorable)
<b>Revenues:</b>						
Property tax allocation	\$ 13,018	17,597	4,579	—	—	—
Use of money or property	1,115	2,374	1,259	17,610	4,026	(13,584)
Charges for services	—	—	—	5	257	252
<b>Total revenues</b>	<b>14,133</b>	<b>19,971</b>	<b>5,838</b>	<b>17,615</b>	<b>4,283</b>	<b>(13,332)</b>
<b>Expenditures:</b>						
General government	—	—	—	2,916	2,580	336
Capital outlay	—	—	—	25,717	24,119	1,598
Debt service:						
Principal	2,463	2,463	—	—	—	—
Interest	6,981	6,789	192	—	—	—
<b>Total expenditures</b>	<b>9,444</b>	<b>9,252</b>	<b>192</b>	<b>28,633</b>	<b>26,699</b>	<b>1,934</b>
<b>Excess of revenues over (under) expenditures</b>	<b>4,689</b>	<b>10,719</b>	<b>6,030</b>	<b>(11,018)</b>	<b>(22,416)</b>	<b>(11,398)</b>
<b>Other financing sources (uses):</b>						
Operating transfer in	355	355	—	2,013	4,371	2,358
Operating transfer out	(6,165)	(9,139)	(2,974)	(2,698)	(2,698)	—
Proceeds from note payable	—	—	—	18,789	18,789	—
Advances from City	—	—	—	42	42	—
Advances from other funds	—	—	—	2,868	2,868	—
<b>Total other financing sources (uses)</b>	<b>(5,810)</b>	<b>(6,784)</b>	<b>(2,974)</b>	<b>21,014</b>	<b>23,372</b>	<b>2,358</b>
<b>Excess of revenues over (under) expenditures and other sources (uses)</b>	<b>(1,121)</b>	<b>1,935</b>	<b>3,056</b>	<b>9,996</b>	<b>956</b>	<b>(9,040)</b>
<b>Fund balances, July 1, 1991</b>	<b>22,378</b>	<b>22,378</b>	<b>—</b>	<b>80,353</b>	<b>80,353</b>	<b>—</b>
<b>Fund balances, June 30, 1992</b>	<b>\$ 21,257</b>	<b>24,313</b>	<b>3,056</b>	<b>90,349</b>	<b>81,309</b>	<b>(9,040)</b>

See accompanying notes to component unit financial statements.

# REDEVELOPMENT AGENCY OF THE CITY OF BURBANK

(A Component Financial Reporting Unit  
of the City of Burbank, California)

## Notes to Component Unit Financial Statements

June 30, 1992

(In thousands)

### (1) Summary of Significant Accounting Policies

#### Description of Reporting Entity

The Redevelopment Agency of the City of Burbank (Agency) was activated by the City Council of the City of Burbank by Ordinance No. 2223, adopted on May 12, 1970 under the provisions of the State of California Community Redevelopment Law. The Agency meets the criteria established by the Governmental Accounting Standards Board for inclusion as a component unit of the City of Burbank (City) for financial reporting purposes; accordingly, the financial statements of the Agency are also included in the Comprehensive Annual Financial Report of the City as a component unit.

The Agency has the authority to acquire, develop, administer and sell or lease property, including the right to issue bonds and expend their proceeds, all in conformity with previously adopted formal redevelopment plans. The California Community Redevelopment law provides that, on adoption of a redevelopment plan, all future tax revenues attributable to increases in the tax base within a project shall be paid into a special fund of the Agency to pay the principal and interest, advances and other indebtedness of the Agency.

The Agency currently has designated three principal project areas, the highlights of which are as follows:

- Golden State Project – This project area which encompasses approximately 1100 acres was created in December 1970 and amended in January 1973. It includes the Burbank-Glendale-Pasadena Airport and surrounding area adjacent to the Golden State Freeway. The numerous parcels that comprise this Project Area contain a variety of industrial and commercial structures. Improvements made in this area includes removal of substandard buildings, elimination of environmental deficiencies, restructuring of obsolete street patterns and odd shaped lot patterns, creation of new sites for commercial and industrial development and expansion of employment opportunities.
- City Centre Project – This project area was created in July 1971 and amended in July 1974. The 212 acre area encompasses City Hall and other City buildings as well as the Media City Centre Mall. The project area contains a variety of commercial and residential structures. Objectives of the City Centre Project include expansion of retail business, development of mixed-use housing and commercial facilities, elimination of detrimental land use and environmental deficiencies and provision for overall beautification of the Burbank downtown area.



# REDEVELOPMENT AGENCY OF THE CITY OF BURBANK

(A Component Financial Reporting Unit  
of the City of Burbank, California)

Notes to Component Unit Financial Statements, Continued

(In thousands)

- West Olive Project – This project was created in October 1976. It consists of a mixture of residential, commercial and media related commercial and industrial facilities. The project encompasses the City's major medical center and several large movie and television studios. The focus of the West Olive Project has been to work with existing property owners toward upgrading and developing their facilities. The Agency has also provided for traffic reconfiguration and improvements.

## Description of Funds and Account Groups

The different funds and account groups in which financial data pertaining to the Agency are recorded are as follows:

- Governmental Fund Types:

Debt Service Funds – These funds were established to finance and account for the payment of interest and principal on the Agency's indebtedness. The principal sources of revenue of this fund are incremental property taxes and investment income.

Capital Project Funds – These funds reflect all revenues and costs of implementing the redevelopment projects in accordance with the California Community Redevelopment Law, including acquisition of properties, cost of site improvements and other costs that benefit the Project Areas as well as administrative expenses incurred in sustaining Agency activities.

- Account Groups:

General Fixed Assets Account Group – This group of accounts is established to account for all fixed assets of the Agency. General fixed assets are capitalized at cost. No depreciation is provided on general fixed assets.

General Long-Term Debt Account Group – This group of accounts is used to account for, in a separate self-balancing group of accounts, the Agency's outstanding indebtedness.

## Basis of Accounting

The Agency's funds are accounted for using the modified-accrual basis of accounting. Revenues are recognized when they become susceptible to accrual – that is, both measurable and available. For purposes of this report, the Agency has defined the term "available" to mean collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The Agency considers property taxes available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified-accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt, which is recognized when due.

# REDEVELOPMENT AGENCY OF THE CITY OF BURBANK

(A Component Financial Reporting Unit  
of the City of Burbank, California)

## Notes to Component Unit Financial Statements, Continued

(In thousands)

### Encumbrances

Encumbrances accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed for all governmental fund types. Encumbrances outstanding at year-end are treated as a reservation of fund equity since they do not constitute expenditures or liabilities.

### Investments

Investments are stated at cost.

### Land Held for Resale

Land held for resale is recorded at the lower of cost or estimated net realizable value. Estimated realizable value is determined by an agreed-upon sales prices with potential developers. Amounts recorded as land held for resale are offset by a reservation of fund balance.

### Advances to/from Other Funds

The noncurrent portions of advances to other funds have been recognized as receivables in the disbursing funds. A corresponding reservation of fund balance has also been made to indicate that such receivables do not constitute "available spendable resources." In the receiving funds, a liability is established in the General Long-Term Debt Account Group for the noncurrent portion of advances from other funds to recognize the long-term repayment nature of the advances are between the City and the Agency. Additionally, advances are also recognized as other financing sources in the receiving funds. In the case of the City and the Agency, it is the intention of both entities that these advances be repaid as future property tax increment revenues permit.

### Appropriated Budget and Budgetary Control

The City Council is required to adopt an annual budget resolution by July 1 of each fiscal year for the Debt Service and Capital Projects Funds. These budgets are adopted and presented for reporting purposes on a basis consistent with generally accepted accounting principles.

The level of appropriated budgetary control is at the functional departmental level. The City Manager may authorize transfers of appropriations within a departmental function. Expenditures may not legally exceed total departmental appropriations. Supplemental appropriations during the year must be approved by the City Council by no less than 4/5 votes. Unexpended or unencumbered appropriations lapse at the end of the fiscal year. Encumbered appropriations are reappropriated in the ensuing year's budget by action of the City Council.

### Agency Employees

The Agency utilizes employees of the City to perform the various duties of Agency operations. The Agency reimburses the city by allocations of payroll and employee related expenditures.



# REDEVELOPMENT AGENCY OF THE CITY OF BURBANK

(A Component Financial Reporting Unit  
of the City of Burbank, California)

Notes to Component Unit Financial Statements, Continued

(In thousands)

## Total (Memorandum Only) Columns

Total columns in the component unit financial statements are captioned "total (memorandum only)" to indicate that they are presented only to facilitate financial analysis. Data in such "total (memorandum only)" columns are not intended to fairly present financial position, results of operations or changes in financial position in conformance with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

## (2) Cash and Investments

### Pooled Cash and Investments

The Agency pools cash and investments with that of the City, except for funds required to be held by outside fiscal agents under provisions of bond indentures. Each fund type's portion of the cash and investments are displayed on the combined balance sheet.

Interest earned on pooled cash and investments is allocated monthly to the various funds based on average daily balances. The Agency's portion of this pooled amount is \$53,252. Interest income from cash and investments with fiscal agents is credited directly to the related funds.

### Authorized Investments

Under provision of the Agency's investment policy, and in accordance with Section 53601 of the California Government Code, the Agency may invest in the following types of investments:

- Public fund time deposits
- Certificates of deposit placed with commercial banks, savings and loan companies and credit unions
- Negotiable certificates of deposit
- Government bonds and notes
- Bankers' acceptances
- Commercial paper
- Repurchase and reverse repurchase agreements
- Mortgage securities
- Bonds and notes of Federally sponsored agencies
- Local Agency Investment Fund
- Small Business Administration notes
- Financial futures or financial option contracts
- Passbook savings account demand deposits

# REDEVELOPMENT AGENCY OF THE CITY OF BURBANK

(A Component Financial Reporting Unit  
of the City of Burbank, California)

## Notes to Component Unit Financial Statements, Continued

(In thousands)

### Credit Risk, Carrying Amount and Market Value of Invested Cash and Investments

At June 30, 1992, the market value of the invested cash and investment securities held by the Agency approximated cost. The investments that are represented by specific identifiable investment securities are classified as to credit risk by three categories as follows:

- Category 1 - Includes investments that are insured or registered or for which securities are held by the Agency or its agent in the Agency's name
- Category 2 - Includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Agency's name
- Category 3 - Includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the Agency's name.

The following is a schedule of the carrying value of the Agency's investments with fiscal agents summarized by credit risk:

	Category			Carrying amount	Market value
	1	2	3		
With fiscal agents:					
Corporate Trust Investment					
Treasury Fund	\$ —	3,358	—	3,358	3,358
Guaranteed Investment					
Contracts*	—	—	—	3,573	3,573
Total investments with fiscal agents	\$ —	3,358	—	6,931	6,931

\*Not subject to categorization.

Further information regarding the categorization of pooled cash and investments can be found in the City's Comprehensive Annual Financial Report.

### (3) General Fixed Assets

General fixed assets consists of a parking structure in the City Centre project area purchased by the Agency in connection with the Disposition and Development Agreement between the Haagen Burbank Partnership and the Agency.



**REDEVELOPMENT AGENCY OF THE  
CITY OF BURBANK**

(A Component Financial Reporting Unit  
of the City of Burbank, California)

Notes to Component Unit Financial Statements, Continued

(In thousands)

A summary of changes in general fixed assets during the year ended June 30, 1992 is as follows:

		<u>Balance at July 1, 1991</u>	<u>Addi- tions</u>	<u>Deletions</u>	<u>Balance at June 30, 1992</u>
Buildings and improvements	\$	—	18,500	—	18,500
Total fixed assets	\$	<u>—</u>	<u>18,500</u>	<u>—</u>	<u>18,500</u>

(4) Long-Term Liabilities

Activity in the General Long-Term Debt Account Group for the year ended June 30, 1992 was as follows:

		<u>Balance at July 1, 1991</u>	<u>Addi- tions</u>	<u>Retire- ments</u>	<u>Balance at June 30, 1992</u>
Advances payable	\$	67,786	2,868	—	70,654
Notes payable		8,277	18,789	50	27,016
Tax allocation bonds		64,540	—	2,065	62,475
Contracts payable		<u>696</u>	<u>—</u>	<u>348</u>	<u>348</u>
Total General Long-Term Debt Account Group	\$	<u>141,299</u>	<u>21,657</u>	<u>2,463</u>	<u>160,493</u>

# REDEVELOPMENT AGENCY OF THE CITY OF BURBANK

(A Component Financial Reporting Unit  
of the City of Burbank, California)

Notes to Component Unit Financial Statements, Continued

(In thousands)

## Notes Payable

Haagen, Burbank Partners – This note evidences the unsecured obligation of the Agency to Haagen, Burbank Partners (the lender) for the cost of the parking and related common area facilities of the Media City Centre Mall. The loan bears interest at the rate in effect on the Lender's primary construction or permanent loan on the Phase I Regional Center, as defined in the Disposition and Development Agreement between the Lender and the Agency (DDA). The loan shall be paid in semi-annual installments of principal and interest, compounded monthly, on February 1 and August 1 of each calendar year until February 1, 2016. Any unpaid balance as of February 1, 2016, shall be forgiven. Such semi-annual payments shall equal 70% of the "Project Increment," as defined in the DDA		\$ 18,500
Community Development Commission (CDC) – In July 1990, the Redevelopment Agency executed a promissory note for \$12,000 or so much thereof as may be advanced from time to time for the period of 48 months. The rate of interest is 6% per annum. The loan was made by the CDC for Community Development Block Grant eligible activities related to the acquisition of land and the construction of public improvements within the Redevelopment Agency City Centre project area		8,416
Other		100
Total notes payable		<u>\$ 27,016</u>

Aggregate maturities of notes payable including interest are as follows:

	<u>Interest</u>	<u>Principal</u>
Year ending June 30:		
1993	\$ 484	8,466
1994	—	50
1995	—	—
1996	—	—
1997	—	—
Thereafter	—	18,500
	<u>\$ 484</u>	<u>27,016</u>



**REDEVELOPMENT AGENCY OF THE  
CITY OF BURBANK**

(A Component Financial Reporting Unit  
of the City of Burbank, California)

Notes to Component Unit Financial Statements, Continued

(In thousands)

Advances Payable

Advances from City

The City and the Redevelopment Agency entered into agreements by Resolutions R504, R787 and R1177 to loan an aggregate amount of \$1,778 to the City Centre Project for the purchase of land. Interest is 7% payable quarterly. There is no payment schedule for the principal portion of this advance, repayment will be made as the funds become available in the future	\$ 1,778
The City and the Redevelopment Agency entered into a cooperation agreement through which the City agreed to advance funds to the City Centre Project necessary for land acquisition and related expenses. This agreement has no interest or repayment schedule. Repayment of the advance will be made as the funds become available	49,621
From 1977 through 1979, the City and the Redevelopment Agency entered into agreements to loan funds aggregating \$225 to the West Oliver Project. These agreements bear no interest and have no repayment schedule	<u>225</u>
Total advances from City	<u>51,624</u>

Advances from Redevelopment Projects

In August of 1983, the Redevelopment Agency City Centre Project and Redevelopment Golden State Project entered into a cooperation agreement whereby the Golden State Project would advance the City Centre Project funds necessary for land acquisition and related expenses. This agreement has no interest or repayment schedule. Repayment of the advance will be made as the funds become available	15,412
From 1978 through 1982, the Redevelopment Agency West Olive Project entered into agreements wherein the Golden State Project loaned funds aggregating \$750 to the West Olive Project. These agreements bear interest at 7% per annum, payable quarterly. Repayment of the principal will be made as the project has funds available	750
In October 1991, the Agency passed Resolution No. R-1637 for the advance of \$1,338 in Golden State Land Sale proceeds and \$1,530 in West Olive Land Sale proceeds to the City Centre Project Area. The advances shall be interest free and shall be repaid as funds become available	<u>2,868</u>
Total advances from redevelopment projects	<u>19,030</u>
Total advances payable	\$ <u><u>70,654</u></u>

**REDEVELOPMENT AGENCY OF THE  
CITY OF BURBANK**

(A Component Financial Reporting Unit  
of the City of Burbank, California)

Notes to Component Unit Financial Statements, Continued

(In thousands)

Aggregate maturities of notes payable including interest are as follows:

	<u>Interest</u>	<u>Principal</u>
Year ending June 30:		
1993	\$ 177	—
1994	177	—
1995	177	—
1996	177	—
1997	177	—
Thereafter	<u>177 per year</u>	<u>70,654</u>
	\$	<u><u>70,654</u></u>

Bonds Payable

Bonds payable are comprised of the following individual issues:

Tax Allocation Bonds

\$19,940 Golden State Redevelopment Project Second Lien Refunding Tax Allocation Bonds of 1985, Series A, serial bonds, due in annual installments from \$600 to \$2,025 through December 1, 2005. Interest at various rates ranging from 8.75% to 9.25% is payable semiannually on June 1 and December 1. The bonds were issued to defease the \$7,000, 1972 bonds, \$5,400 1978 Series A bonds and the \$13,600 1978 Series B bonds. These bonds are collateralized by a pledge of remaining revenues of increased property tax collection within the project after payment of the principal and interest payment on the First Lien Bonds	\$ 16,995
\$23,500 Golden State Redevelopment Project First Lien Tax Allocation Bonds of 1985, Series A, serial bonds, due in annual installments of \$1,230 to \$2,675 through December 1, 2000. The interest rate is 8.40% and is payable semiannually on June 1 and December 1. The bonds are collateralized by a first pledge of incremental tax revenues to be received by the project	17,480
\$14,235 City Centre Tax Allocation Bonds of 1990, Series A, serial bonds, due in annual installments ranging from \$235 to \$1,145 through December 1, 2015; interest at various rates ranging from 6.0% through 7.2% payable semiannually June 1 and December 1. These bonds are equally secured by an irrevocable pledge of the incremental tax revenues	14,000
\$14,000 West Olive Redevelopment Project Tax Allocation Bonds of 1983, serial bonds, due in annual installments ranging from \$340 to \$866 through December 1, 2013; interest at various rates ranging from 9.2% through 9.7% payable semiannually June 1 and December 1. These bonds are collateralized by a first pledge of the incremental tax revenues to be received by the project. Bonds are callable prior to maturity	<u>14,000</u>
Total tax allocation bonds	\$ <u><u>62,475</u></u>



**REDEVELOPMENT AGENCY OF THE  
CITY OF BURBANK**

(A Component Financial Reporting Unit  
of the City of Burbank, California)

Notes to Component Unit Financial Statements, Continued

(In thousands)

The annual requirements to amortize all bonded debt outstanding as of June 30, 1992, including interest of approximately \$53,013 and principal of \$62,475 are as follows:

Year ending June 30:		
1993	\$	7,509
1994		7,512
1995		7,846
1996		7,854
1997		7,851
Thereafter		<u>76,916</u>
Total		115,488
Less interest		<u>53,013</u>
Principal	\$	<u><u>62,475</u></u>

Contract Payable

The contract payable represents an obligation from the Golden State Redevelopment Project to the Burbank Unified School District (District). Management has decided to amortize this obligation transferring sufficient funds to the City on behalf of the Burbank Unified School District to meet these obligations at maturity. As of June 30, 1992, \$348 is recorded in the general long-term debt account group, which is to be paid in full in July 1993. Interest is payable on the amount outstanding at a rate of 1% over the prime rate with a 10% minimum and a 12% maximum per annum, payable in quarterly installments.

(5) Interfund Receivables/Payables

The interfund balances consist of the following as of June 30, 1992:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Capital Project Funds:		
Golden State Project	\$ 861	—
City Centre Project	280	—
West Olive Project	738	—
Debt Service Funds:		
Golden State Project	—	863
City Centre Project	—	279
West Oliver Project	—	737
Total	\$ <u><u>1,879</u></u>	<u><u>1,879</u></u>

REDEVELOPMENT AGENCY OF THE  
CITY OF BURBANK

(A Component Financial Reporting Unit  
of the City of Burbank, California)

Notes to Component Unit Financial Statements, Continued

(In thousands)

(6) Retirement Plan

The Agency as part of the City, contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer PERS that acts as a common investment and administrative agent for cities in California. The Agency assumes its share of pension costs based upon rates established by PERS for the City's general employees. No separate pension benefit obligation is calculated for the Agency; accordingly, no obligation is presented herein. Further information regarding the City's participation in PERS may be found in the City's Comprehensive Annual Financial Report.

(7) Contingent Liabilities

In the ordinary course of business, there are outstanding various legal proceedings pending against the Agency. In the opinion of management, based upon the advice of counsel, liabilities arising from these proceedings, if any, will not have a material adverse effect on the financial condition of the Agency.

(8) Self-Insurance

In conjunction with the City, the Agency is self-insured for the first \$1,000 of general liability claims and for the first \$500 of worker's compensation claims. Information pertaining to the amounts accrued for claims payable including both reported claims and claims incurred but not reported may be found in the City's Comprehensive Annual Financial Report.

(9) Land Held for Resale

As of June 30, 1992, land held for resale consists of the following:

Golden State Redevelopment Project Area	\$	14,580
City Centre Redevelopment Project Area		13,250
West Olive Redevelopment Project Area		<u>1,477</u>
Total	\$	<u><u>29,307</u></u>

(10) Subsequent Events

In accordance with a Disposition and Development Agreement (DDA) with Alexander Haagen Company, the Agency incurred a note payable to the Haagen Burbank Partnership up to a maximum of \$33,000 upon the opening of the Bullock's Department Store in the Media City Centre Mall. In accordance with the terms of the DDA the Agency was to become liable for the debt, and the developer was to deed the Bullock's real property to the Agency upon the store's opening for business which occurred on September 2, 1992. The liability is based upon the developer's actual construction costs to a maximum of \$33,000. The final costs are not expected



**REDEVELOPMENT AGENCY OF THE  
CITY OF BURBANK**

(A Component Financial Reporting Unit  
of the City of Burbank, California)

Notes to Component Unit Financial Statements, Continued

(In thousands)

to be known until December 1992, but are expected to approximate the \$33,000 maximum. The Agency is expected to take title to the property by December 1992. The note bears interest at a variable rate equal to the developer's construction loan interest rate. Principal and interest payments are due semiannually on February 1 and August 1 of each year. However, annual payments by the Agency on the note are restricted to: 70% of the property tax increment generated from Bullock's and the Mall expansion, the Agency's portion of sales tax revenue from Bullock's sales activity, and the lease income received from Bullock's. The Agency has no obligation to pay amounts in excess of these items. The note matures on August 1, 2016, and the Agency is not obligated to pay off any remainder balance should the repayment sources be insufficient to fully satisfy all principal and accrued interest.

## Exhibit A

**REDEVELOPMENT AGENCY OF  
THE CITY OF BURBANK**

(A Component Financial Reporting Unit  
of the City of Burbank, California)

Debt Service Funds

Combining Balance Sheet

June 30, 1992

(In thousands)

Assets	Golden State Project	City Centre Project	West Olive Project	Golden State Sinking	Total
Restricted cash and investments	\$ 5,112	1,292	5,639	11,415	23,458
Taxes receivable	905	344	872	685	2,806
Interest receivable	214	6	7	205	432
Total assets	<u>6,231</u>	<u>1,642</u>	<u>6,518</u>	<u>12,305</u>	<u>26,696</u>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	214	2	2	—	218
Interfund payables	863	279	737	—	1,879
Due to City of Burbank	42	69	175	—	286
Total liabilities	1,119	350	914	—	2,383
Fund balances – unreserved – designated for debt service	<u>5,112</u>	<u>1,292</u>	<u>5,604</u>	<u>12,305</u>	<u>24,313</u>
Total liabilities and fund balances	<u>\$ 6,231</u>	<u>1,642</u>	<u>6,518</u>	<u>12,305</u>	<u>26,696</u>



## Exhibit B

**REDEVELOPMENT AGENCY OF  
THE CITY OF BURBANK**

(A Component Financial Reporting Unit  
of the City of Burbank, California)

## Debt Service Funds

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances

June 30, 1992

(In thousands)

	<u>Golden State Project</u>	<u>City Centre Project</u>	<u>West Olive Project</u>	<u>Golden State Sinking</u>	<u>Total</u>
Revenues:					
Property tax allocation	\$ 9,732	3,593	2,863	1,409	17,597
Use of money or property	<u>776</u>	<u>136</u>	<u>633</u>	<u>829</u>	<u>2,374</u>
Total revenues	<u>10,508</u>	<u>3,729</u>	<u>3,496</u>	<u>2,238</u>	<u>19,971</u>
Expenditures:					
Principal retirement	2,228	235	—	—	2,463
Interest	<u>3,918</u>	<u>1,489</u>	<u>1,382</u>	<u>—</u>	<u>6,789</u>
Total expenditures	<u>6,146</u>	<u>1,724</u>	<u>1,382</u>	<u>—</u>	<u>9,252</u>
Excess of revenues over expenditures	<u>4,362</u>	<u>2,005</u>	<u>2,114</u>	<u>2,238</u>	<u>10,719</u>
Other financing sources (uses):					
Operating transfers in	—	331	24	—	355
Operating transfers out	<u>(4,517)</u>	<u>(2,390)</u>	<u>(2,232)</u>	<u>—</u>	<u>(9,139)</u>
Total other financing uses	<u>(4,517)</u>	<u>(2,059)</u>	<u>(2,208)</u>	<u>—</u>	<u>(8,784)</u>
Excess of revenues over (under) expenditures and other financing uses	(155)	(54)	(94)	2,238	1,935
Fund balances, July 1, 1991	<u>5,267</u>	<u>1,346</u>	<u>5,698</u>	<u>10,067</u>	<u>22,378</u>
Fund balances, June 30, 1992	<u>\$ 5,112</u>	<u>1,292</u>	<u>5,604</u>	<u>12,305</u>	<u>24,313</u>

**Exhibit C**  
**REDEVELOPMENT AGENCY OF THE CITY OF BURBANK**  
 (A Component Financial Reporting Unit  
 of the City of Burbank, California)  
 Combining Statement of Revenues, Expenditures and Changes in Fund  
 Balances - Budget and Actual - Debt Service Funds  
 June 30, 1992  
 (in thousands)

	Golden State Project			City Center Project			West Olive Project			Golden State Sinking			Total		
	Appropriated budget	Actual	Variance favorable (unfavorable)	Appropriated budget	Actual	Variance favorable (unfavorable)	Appropriated budget	Actual	Variance favorable (unfavorable)	Appropriated budget	Actual	Variance favorable (unfavorable)	Appropriated budget	Actual	Variance favorable (unfavorable)
Revenues:															
Property tax allocation	8,140	9,732	1,592	2,358	3,593	1,235	2,160	2,863	703	360	1,409	1,049	13,018	17,597	4,579
Use of money or property	340	776	436	100	194	86	375	633	258	300	879	529	1,115	2,374	1,259
Total revenues	8,480	10,508	2,028	2,458	3,789	1,271	2,535	3,496	961	660	2,238	1,578	14,133	19,971	5,838
Expenditures:															
Debt Service:															
Principal	2,228	2,228	--	235	235	--	--	--	--	--	--	--	2,463	2,463	--
Interest	4,111	3,918	193	1,493	1,489	4	1,377	1,382	(5)	--	--	--	6,981	6,789	192
Total expenditures	6,339	6,146	193	1,728	1,724	4	1,377	1,382	(5)	--	--	--	9,444	9,252	192
Excess of revenues over expenditures	2,141	4,362	2,221	730	2,065	1,275	1,158	2,114	956	660	2,238	1,578	4,689	10,719	6,030
Other financing sources (uses):															
Operating transfer in	--	--	--	331	331	--	24	24	--	--	--	--	355	355	--
Operating transfer out	(4,113)	(4,517)	(404)	(1,386)	(2,380)	(1,004)	(666)	(2,222)	(1,560)	--	--	--	(6,165)	(9,139)	(2,974)
Total other financing uses	(4,113)	(4,517)	(404)	(1,055)	(2,049)	(1,004)	(642)	(2,198)	(1,560)	--	--	--	(5,810)	(8,784)	(2,974)
Excess of revenues over (under) expenditures and other financing uses	(1,972)	(155)	1,817	(325)	(54)	271	516	(94)	(610)	660	2,238	1,578	(1,121)	1,935	3,056
Fund balances, July 1, 1991	5,267	5,267	--	1,346	1,346	--	5,698	5,698	--	10,067	10,067	--	22,378	22,378	--
Fund balances, June 30, 1992	3,295	5,112	1,817	1,021	1,292	271	6,214	5,604	(610)	10,727	12,305	1,578	21,257	24,313	3,056



## Exhibit D

**REDEVELOPMENT AGENCY OF  
THE CITY OF BURBANK**

 (A Component Financial Reporting Unit  
of the City of Burbank, California)

## Capital Projects Funds

## Combining Balance Sheet

June 30, 1992

(In thousands)

Assets	Golden State Project	City Centre Project	West Olive Project	Total
Cash and investments	\$ 23,555	2,107	11,063	36,725
Accounts receivable	9	32	9	50
Interest receivable	666	55	205	926
Note receivable	7,060	670	—	7,730
Interfund receivables	861	280	738	1,879
Due from City of Burbank	30	—	—	30
Land held for resale	14,580	13,250	1,477	29,307
Prepaid expenses	—	1	—	1
Advances to other funds	17,500	—	1,530	19,030
Total assets	\$ 64,261	16,395	15,022	95,678
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 54	500	20	574
Due to City of Burbank	11,656	19	13	11,688
Intergovernmental payable	—	—	832	832
Deposits	442	833	—	1,275
Total liabilities	12,152	1,352	865	14,369
Fund balances:				
Reserved for encumbrances	3,482	1,122	426	5,030
Reserved for prepaid items	—	1	—	1
Reserved for land held for resale	14,580	13,250	1,477	29,307
Reserved for advances to other funds	17,500	—	1,530	19,030
Reserved for note receivable	7,060	670	—	7,730
Reserved for capital improvement	7,336	—	—	7,336
Reserved for land contingency	2,151	—	—	2,151
Designated for capital improvement	—	—	10,724	10,724
Total fund balances	52,109	15,043	14,157	81,309
Total liabilities and fund balances	\$ 64,261	16,395	15,022	95,678

## Exhibit E

# REDEVELOPMENT AGENCY OF THE CITY OF BURBANK

(A Component Financial Reporting Unit  
of the City of Burbank, California)

## Capital Projects Funds

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances

June 30, 1992

(In thousands)

	Golden State Project	City Centre Project	West Olive Project	Total
Revenues:				
Use of money or property	\$ 2,542	491	993	4,026
Charges for services	154	102	1	257
Total revenues	2,696	593	994	4,283
Expenditures:				
General Government - administrative services	1,176	855	549	2,580
Capital outlay - general capital improvements	108	23,919	92	24,119
Total expenditures	1,284	24,774	641	26,699
Excess of revenues over (under) expenditures	1,412	(24,181)	353	(22,416)
Other financing sources (uses):				
Operating transfers in	914	2,059	1,398	4,371
Operating transfers out	(2,310)	(331)	(57)	(2,698)
Advances from City	—	42	—	42
Advances from other funds	—	2,868	—	2,868
Proceeds from notes payable	—	18,789	—	18,789
Total other financing sources (uses)	(1,396)	23,427	1,341	23,372
Excess of revenues over (under) expenditures and other financing sources (uses)	16	(754)	1,694	956
Fund balances, July 1, 1991	52,093	15,797	12,463	80,353
Fund balances, June 30, 1992	\$ 52,109	15,043	14,157	81,309



**Exhibit F**  
**REDEVELOPMENT AGENCY OF THE CITY OF BURBANK**  
 (A Component Financial Reporting Unit  
 of the City of Burbank, California)

Combining Statement of Revenues, Expenditures and Changes in Fund  
 Balances - Budget and Actual - Capital Projects Funds

June 30, 1992  
 (In thousands)

	Golden State Project			City Center Project			West Olive Project			Total		
	Appropriated budget	Actual	Variance favorable (unfavorable)	Appropriated budget	Actual	Variance favorable (unfavorable)	Appropriated budget	Actual	Variance favorable (unfavorable)	Appropriated budget	Actual	Variance favorable (unfavorable)
Revenues:												
Use of money or property	14,705	2,542	(12,163)	2,325	491	(1,834)	580	993	413	17,610	4,026	(13,584)
Charges for services	—	154	154	5	102	97	—	1	1	5	257	252
Total revenues	14,705	2,696	(12,009)	2,330	593	(1,737)	580	994	414	17,615	4,283	(13,332)
Expenditures:												
General Government - administrative services	1,227	1,176	51	1,073	855	218	616	549	67	2,916	2,580	336
Capital outlay - general capital improvements	329	108	221	25,131	23,919	1,212	257	92	165	25,717	24,119	1,598
Total expenditures	1,556	1,284	272	26,204	24,774	1,430	873	641	232	28,633	26,699	1,934
Excess of revenues over (under) expenditures	13,149	1,412	(11,737)	(23,874)	(24,181)	(307)	(293)	353	646	(11,018)	(22,416)	(11,398)
Other financing sources (uses):												
Operating transfer in	704	914	210	1,309	2,059	750	—	1,398	1,398	2,013	4,371	2,358
Operating transfer out	(2,310)	(2,310)	—	(331)	(331)	—	(57)	(57)	—	(2,698)	(2,698)	—
Advances from City	—	—	—	42	42	—	—	—	—	42	42	—
Advances from other funds	—	—	—	2,868	2,868	—	—	—	—	2,868	2,868	—
Proceeds from notes payable	—	—	—	18,789	18,789	—	—	—	—	18,789	18,789	—
Total other financing sources (uses)	(1,606)	(1,396)	210	22,677	23,427	750	(57)	1,341	1,398	21,014	23,372	2,358
Excess of revenues over (under) expenditures and other financing sources (uses)	11,543	16	(11,527)	(1,197)	(754)	443	(350)	1,694	2,044	9,996	956	(9,040)
Fund balances, July 1, 1991	52,093	52,093	—	15,797	15,797	—	12,463	12,463	—	80,353	80,353	—
Fund balances, June 30, 1992	63,636	52,109	(11,527)	14,600	15,043	443	12,113	14,157	2,044	90,349	81,309	(9,040)

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE**

The Honorable Chairman and  
Board of Directors of the Redevelopment  
Agency of the City of Burbank:

We have audited the component unit financial statements of the Redevelopment Agency of the City of Burbank (Agency) as of and for the year ended June 30, 1992 and have issued our report thereon, dated October 23, 1992. These component unit financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these component unit financial statements based on our audit.

In connection with the audit, we performed the procedures contained in the publication entitled Guidelines for Compliance Audits of California Redevelopment Agencies as promulgated by the Controller of the State of California in connection with a review of the Agency's compliance with laws, regulations and administrative requirements governing activities of the Agency, as required by Section 33080.1(a) of the Health and Safety Code of the State of California. The procedures we performed would not necessarily disclose instances of noncompliance because they were based on selective tests of accounting records and related data.

During the performance of the aforementioned procedures, nothing came to our attention that would lead us to believe that the Agency did not comply with applicable laws, regulations and administrative requirements governing its activities.

This report is to be used solely for filings with appropriate regulatory agencies and is not intended for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

*KPMG Peat Marwick*

October 23, 1992



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## APPENDIX B

### GENERAL INFORMATION CONCERNING THE CITY OF BURBANK

The following information relating to the City is presented for informational purposes only. The Series A Bonds are payable solely from the Tax Revenues and the other funds specified in the Indenture and are not secured by a pledge of the faith and credit or the taxing power of the City.

#### **General**

The City of Burbank, California, is located in the greater metropolitan Los Angeles area approximately 12 miles northeast of the Los Angeles Civic Center complex. The economy represents a diverse blend of industrial, commercial, and residential development. The City is a mature community that experienced no population growth in the late 1970's but has experienced modest population growth in the 1980's.

#### **Municipal Government**

The City was incorporated as a general law city on July 8, 1911, and adopted its city charter on January 13, 1927. The City is administered by a Council-Manager form of government. The five City Council members of whom one serves as Mayor, are elected at large for four-year terms. Elections are staggered at two-year intervals.

The City operates 14 parks, a golf course and three libraries.

As of June 30, 1992, City employment totaled approximately 1,300 employees. Four associations represent the City's employees: the Burbank City Employees' Association, representing about 736 employees; the Burbank Firefighters Local, representing about 116 employees; the Burbank Police Officers' Association, representing about 129 employees; and the International Brotherhood of Electric Workers Local 18, representing about 140 employees. In addition, there are approximately 164 management employees. All of the associations are subject to the Meyers-Millias-Brown Act, which requires each association to meet with the city and confer in an effort to develop a "memorandum of understanding." Negotiations on each memorandum are conducted upon the June 30th expiration of the applicable memorandum. Multi-year memoranda of understanding are currently in effect with respect to each of the four associations representing City employees. Expiration dates on these memoranda are as follows: Burbank City Employees' Association - June 30, 1993; Burbank Firefighters Local 778 - June 30, 1993; Burbank Police Officers' Association - June 30, 1993; and International Brotherhood of Electric Workers Local 18 - June 30, 1993.



## Population

The following table summarizes State Department of Finance estimates of population for the fiscal years ending June 30, 1983 through June 30, 1992. The City anticipates that further population increases will be dependent upon replacement of older single family residential units by higher density multiple unit housing developments.

### CITY OF BURBANK POPULATION

<u>Year Ending June 30</u>	<u>Population</u>
1983	87,191
1994	87,494
1985	87,494
1986	88,802
1987	90,971
1988	93,462
1989	93,837
1990	95,256
1991	95,382
1992	95,487

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Source: State Department of Finance.

## Industry and Employment

The following table lists the City's major employers as of June 30, 1992. Most of these firms are also among the City's principal taxpayers.

### CITY OF BURBANK MAJOR EMPLOYERS

<u>Company</u>	<u>Employment</u>	<u>Products/Service</u>
MANUFACTURING:		
The 1928 Jewelry Company	1,030	Jewelry Manufacturing
Lockheed Advanced Development	800	Aircraft Research and Design
Altium - An IBM Company	647	Computer Software
Hydro-Aire, Division of Crane Company	571	Aircraft components
NON-MANUFACTURING:		
Warner Bros., Inc.	4,053	Motion picture producers
St. Joseph Medical Center	2,500	Hospital
Walt Disney Productions	2,462	Motion picture producers
The Burbank Studios	1,529	Motion picture producers
National Broadcasting Co.	1,377	Television and radio
City of Burbank	1,300	Government
Sony Entertainment	926	Motion picture producers

Source: City of Burbank, Management Services Department.

Manufacturing employment is heavily concentrated in the aerospace industry. These firms are located within close proximity to Burbank-Glendale-Pasadena Airport. The Airport is served by ten scheduled airlines: Alaska Airlines, Alpha Air, American Airlines, Delta Airlines, America West, Trans World Airlines, United Airlines, Skywest Airlines, States West and United Express.

The entertainment industry accounts for the greatest concentration of non-manufacturing industrial employment. Production facilities of The Burbank Studios, National Broadcasting Company, Walt Disney Productions and Columbia Pictures (Sony Entertainment) place Burbank in a leading role in the Southern California entertainment industry.



As reported by the Community Development Department/Planning Division (January 1993), the distribution of employment in the greater Burbank labor market is as shown on the following table:

**CITY OF BURBANK  
DISTRIBUTION OF EMPLOYMENT**

<u>Classification</u>	<u>Employment</u>	<u>Distribution</u>
Durable and non-durable goods manufacturing	10,773	12.3%
Wholesale and retail trade	13,155	15.1
Services	51,789	59.4
Other	<u>11,536</u>	<u>13.2</u>
Total:	<u>87,253</u>	<u>100.0%</u>

Source: The Community Development Department/Planning Division (January 1993).

**Taxable Sales**

The table below shows the history of taxable transactions for the City for the years 1988 through 1992:

**CITY OF BURBANK  
TAXABLE SALES  
(Dollars in Thousands)**

<u>Type of Business</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>
Retail Stores:					
Apparel	\$ 13,150	\$ 13,282	\$ 19,109	\$ 20,513	\$ 27,296
General Merchandise	135,871	137,230	147,412	148,656	158,570
Drug	19,963	20,163	22,163	23,923	26,321
Food	55,918	56,477	60,835	66,850	76,134
Package Liquors	6,681	6,748	5,296	5,143	5,116
Eating and Drinking Places	108,723	109,810	120,363	123,422	116,944
Home Furnishings and Appliances	21,026	21,236	40,466	86,520	87,247
Building Materials and Farm Implements	68,880	69,569	60,794	52,937	49,017
Auto Dealers and Suppliers	80,787	81,595	40,541	27,143	18,249
Service Stations	50,534	51,039	61,610	59,259	69,132
Other Retail Stores:	<u>116,389</u>	<u>117,553</u>	<u>131,211</u>	<u>125,709</u>	<u>145,162</u>
Retail Stores Total	\$ 677,922	\$ 684,702	\$ 709,800	\$ 740,075	\$ 779,188
All Other Outlets	<u>559,981</u>	<u>565,581</u>	<u>553,265</u>	<u>428,152</u>	<u>636,896</u>
Total All Outlets	<u>\$1,237,903</u>	<u>\$1,250,283</u>	<u>\$1,263,065</u>	<u>\$1,168,227</u>	<u>\$1,416,084</u>

Source: City of Burbank, Management Services Department.

## Construction Activity

The number of building permits issued by the City and the corresponding estimated construction valuations for the past ten years is set forth below.

### CITY OF BURBANK VALUE OF BUILDING PERMITS

<u>Fiscal Year</u>	<u>Number of Permits</u>	<u>Value</u>
1982-83	1,465	\$ 38,327,000
1983-84	1,815	114,097,000
1984-85	1,768	123,154,000
1985-86	2,016	135,445,000
1986-87	2,298	193,737,000
1987-88	2,500	240,481,000
1988-89	2,551	260,141,000
1989-90	2,212	221,374,000
1990-91	2,326	117,980,000
1991-92	2,105	96,229,000

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Source: The City.

## Income

Effective buying income of the County residents totaled \$140,892,315 during 1991, an increase of 19% since 1986. The following table sets forth a comparable record of effective buying income over the five-year period from 1986 through 1991.

### EFFECTIVE BUYING INCOME (in thousands)

<u>Year</u>	<u>City of Burbank</u>	<u>County of Los Angeles</u>	<u>State of California</u>	<u>United States</u>
1986	\$1,444,824	\$114,134,025	\$380,811.129	\$2,981,920,801
1987	1,610,384	130,015,864	426,008,347	3,202,847,131
1988	1,583,439	129,522,222	426,174,001	3,064,005,997
1989	1,644,757	135,162,824	444,988,647	3,287,489,252
1990	1,797,815	138,244,091	477,784,771	3,499,365,237
1991	1,759,400	140,892,315	490,749,649	3,728,967,043

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Source: Sales & Marketing Management Magazine "Survey of Buying Power".



## **Utilities**

The City of Burbank provides its own municipal electric, water and sewer utilities. Southern California Gas Company and Pacific Telephone Company also serve the residents of the City.

## **Fiscal Operation**

The City uses the modified accrual basis of accounting for all funds except proprietary funds which use the accrual basis of accounting. The City's financial statements are prepared in conformity with generally accepted accounting principles. Copies of the City's financial statements are on file in the City's Finance Department.

The City adopts an annual budget and utilizes an "encumbrance system." Under this procedure, commitments such as purchase orders and contracts at year end are recorded as restrictions of fund balance through a reserve account. Generally, City staff begins preparation of the budget in February of the prior fiscal year and the City Council adopts the budget in June of the prior fiscal year after holding public hearings. The 1992-93 fiscal year budget was adopted on June 23, 1992.

## **General Obligations and Revenue Bond Indebtedness**

As of June 30, 1992 the City had no outstanding General Obligation Bonds, \$11,170,000 of 1987 Series A Wastewater Treatment Revenue Bonds, \$6,025,000 of Special Assessment Bonds, \$25,760,000 of Public Service Department Revenue Bonds and \$3,610,000 of Waste Disposal Revenue Bonds. The Agency had \$62,475,000 of outstanding Tax Allocation Bonds.

The City's statement of direct and overlapping debt as of June 30, 1992 is presented in the following table along with certain debt ratios.

**CITY OF BURBANK**  
**STATEMENT OF DIRECT AND OVERLAPPING DEBT**  
**AS OF JUNE 30, 1992**  
**(Dollars in Thousands)**

	<u>Gross Bonded Outstanding Debt</u>	<u>Exclusions<sup>(1)</sup></u>	<u>Net Bonded Outstanding Debt</u>
<b>DIRECT DEBT:</b>			
Tax Allocation Bonds (Redevelopment Agency)	\$ 62,475	\$ --	\$62,475
Enterprise Revenue Bonds	40,540	40,540	--
Special Assessment Improvement Bonds 83-1	<u>6,025</u>	<u>--</u>	<u>6,025</u>
Total Direct Debt:	\$109,040	\$40,540	\$68,500
<b>GROSS OVERLAPPING DEBT:</b>			
Los Angeles County (87,600 x 1.386%) <sup>(2)</sup>	\$ 1,241	--	\$ 1,241
Los Angeles County Flood Control District (\$153,003 x 1.358%) <sup>(2)</sup>	2,121	--	2,121
Metropolitan Water District (\$716,460 at 0.769%) <sup>(2)</sup>	<u>5,667</u>	<u>--</u>	<u>5,667</u>
Total Gross Overlapping Debt:	\$ 9,029	\$ --	\$ 9,029
<b>NET DIRECT AND OVERLAPPING DEBT:</b>	<u>\$118,069</u>	<u>\$40,540</u>	<u>\$77,529</u>

(1) Exclusions represent all bonds which are not General Obligation Bonds of the City or General Obligation Bonds issued for water utility purposes, payable from the Water and Electric Utility Fund revenues.

(2) As of December 31, 1991, computed from the Statement of Bonded Indebtedness Supplemental Report of the Board of Supervisors, County of Los Angeles. These amounts represent total Agency's indebtedness computed by the percentages applicable to the City of Burbank.

Source: City of Burbank, Management Services Department.



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## APPENDIX C

### PROPOSED FORM OF OPINION OF BOND COUNSEL

[LETTERHEAD OF JONES HALL HILL & WHITE]

[Closing Date]

Redevelopment Agency of the  
City of Burbank, California  
275 East Olive Avenue  
Burbank, California 91502

**OPINION:** \$69,000,000 Redevelopment Agency of the City of Burbank, California, Golden State Redevelopment Project, Tax Allocation Bonds, 1993 Series A

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#### Members of the Agency:

We have acted as bond counsel in connection with the issuance by the Redevelopment Agency of the City of Burbank, California (the "Agency"), of \$69,000,000 Redevelopment Agency of the City of Burbank, California, Golden State Redevelopment Project, Tax Allocation Bonds, 1993 Series A, dated June 1, 1993 (the "Bonds"), pursuant to the Community Redevelopment Law of the State of California, constituting Part 1 of Division 24 of the California Health and Safety Code, and the acts amendatory thereof and supplemental thereto (the "Law"), and an Indenture of Trust, dated as of May 1, 1993, between the Agency and First Interstate Bank of California, as trustee (the "Indenture"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Agency contained in the Indenture and in the certified proceedings and certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Agency is duly created and validly existing as a public body, corporate and politic, with the power to enter into the Indenture, perform the agreements on its part contained therein and issue the Bonds.
2. The Indenture has been duly approved by the Agency and constitutes a valid and binding obligation of the Agency enforceable upon the Agency.
3. Pursuant to the Law, the Indenture creates a valid lien on the funds pledged by the Indenture for the security of the Bonds on a parity with other bonds (if any) issued or to be issued under the Indenture, subject to no prior lien granted under the Law.
4. The Bonds have been duly authorized, executed and delivered by the Agency and are valid and binding special obligations of the Agency, payable solely from the sources provided therefor in the Indenture.



5. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; it should be noted, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings. The opinions set forth in the preceding sentence are subject to the condition that the Agency comply with all requirements of the Internal Revenue Code of 1986 that must be satisfied subsequent to the issuance of the Bonds in order that such interest be, or continue to be, excluded from gross income for federal income tax purposes. The Agency has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. The interest on the Bonds is exempt from personal income taxation imposed by the State of California.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and may also be subject to the exercise of judicial discretion in appropriate cases.

Respectfully submitted,

A Professional Law Corporation

## APPENDIX D

### SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

*The following is a brief summary of the provisions of the Indenture of Trust and the Escrow Agreements. Such summary is not intended to be definitive, and reference is made to the complete documents for the complete terms thereof. Capitalized terms used in this summary which are not otherwise defined below or elsewhere in this Official Statement have the respective meanings given such terms in the Indenture and the Escrow Agreements.*

#### DEFINITIONS

*"Additional Allowance"* means ad valorem property taxes in the Project Area with respect to any property contained on the supplemental roll prepared pursuant to section 75 *et seq.* of the California Revenue and Taxation Code, if such property is not contained on the Assessor's roll for the then current Fiscal Year.

*"Agency"* means the Redevelopment Agency of the City of Burbank, California, a public body corporate and politic duly organized and existing under the Law.

*"Annual Debt Service"* means, for each Bond Year, the sum of (a) the interest payable on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Serial Bonds are retired as scheduled and that the Outstanding Term Bonds are redeemed from sinking account payments as scheduled, (b) the principal amount of the Outstanding Serial Bonds payable by their terms in such Bond Year, and (c) the principal amount of the Outstanding Term Bonds scheduled to be paid or redeemed from sinking account payments in such Bond Year, excluding the redemption premiums, if any, thereon.

*"Bonds"* means the Agency's Golden State Redevelopment Project Tax Allocation Bonds, 1993 Series A, and, to the extent required by any Supplemental Indenture, any Parity Obligations authorized by, and at any time Outstanding pursuant to, the Indenture and such Supplemental Indenture.

*"Bond Year"* means the one-year period beginning on December 2 in any year and extending to the next succeeding December 1, both dates inclusive, except that the first Bond Year shall begin on the Closing Date and shall end on December 1, 1993.

*"Business Day"* means a day of the year on which banks in the cities of Los Angeles and San Francisco, California, are not required or authorized to remain closed and on which the Federal Reserve system is not closed.

*"Chairman"* means the Chairman of the Agency appointed pursuant to section 33113 of the California Health and Safety Code, or other duly appointed officer of the Agency authorized by the Agency by resolution or by-law to perform the functions of the chairman in the event of the chairman's absence or disqualification.

*"City"* means the City of Burbank, California, a municipal corporation and chartered city duly organized and existing under the laws of the State.

*"Closing Date"* means the date upon which there is a physical delivery of the Bonds in exchange for the amount representing the purchase price of the Bonds by the Original Purchaser.

*"Costs of Issuance"* means all items of expense directly or indirectly payable by or reimbursable to the Agency relating to the authorization, issuance, sale and delivery of the Bonds and the refunding of the Prior Bonds, including but not limited to printing expenses, filing and recording fees, initial fees and charges of the Trustee and its counsel, fees, charges and disbursements of bond counsel and Agency counsel, financial advisors, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Bonds and any other cost, charge or fee in connection with the original issuance of the Bonds, and the refunding of the Prior Bonds.

*"Costs of Issuance Fund"* means the fund by that name established and held by the Trustee pursuant to the Indenture.

*"County"* means the County of Los Angeles, California, a county duly organized and existing under the laws of the State.



*"County Auditor-Controller"* means the person who holds the office designated Los Angeles County Auditor-Controller from time to time, or one of the duly appointed deputies of such person, or any person or persons performing substantially the same duties in the event said office is ever abolished or changed.

*"Debt Service"* means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation (exclusive of premium, if any, on the Bonds), excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

*"Event of Default"* means any of the events described in the Indenture.

*"Executive Director"* means the executive director the Agency appointed pursuant to the Law, or other duly appointed officer of the Agency authorized by the Agency by resolution or by law to perform the functions of the executive director including, without limitation, any deputy executive director of the Agency.

*"Federal Securities"* means direct, non-callable general obligations of (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), or obligations, the timely payment of principal of and interest on which are directly or indirectly guaranteed by the United States of America, including, without limitation, such of the foregoing which are commonly referred to as "stripped" obligations and coupons.

*"Fiscal Year"* means any twelve-month period extending from July 1 in one calendar year to June 30 of the succeeding calendar year, both dates inclusive, or any other twelve-month period selected and designated by the Agency as its official fiscal year period.

*"Indenture"* means the Indenture of Trust, dated as of May 1, 1993, by and between the Agency and the Trustee, as originally entered into or as it may be amended or supplemented by any Supplemental Indenture entered into pursuant to the provisions thereof.

*"Independent Accountant"* means any accountant or firm of such accountants duly licensed or registered or entitled to practice and practicing as such under the laws of the State, appointed by the Agency, and who, or each of whom:

(a) is in fact independent and not under domination of the Agency;

(b) does not have any substantial interest, direct or indirect, with the Agency; and

(c) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

*"Independent Financial Consultant"* means any financial consultant or firm of such consultants appointed by the Agency, and who, or each of whom:

(a) is in fact independent and not under domination of the Agency;

(b) does not have any substantial interest, direct or indirect, with the Agency, other than as original purchaser of the Bonds or any Parity Obligations; and

(c) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

*"Independent Redevelopment Consultant"* means any consultant or firm of such consultants appointed by the Agency, and who, or each of whom:

(a) is judged by the Agency to have experience in matters relating to the collection of Tax Revenues or otherwise with respect to the financing of redevelopment projects;

(b) is in fact independent and not under domination of the Agency;



(c) does not have any substantial interest, direct or indirect, with the Agency; and

(d) is not connected with the Agency as an officer or employee of the Agency, but who may be regularly retained to make reports to the Agency.

*"Information Services"* means Financial Information, Inc.'s "Daily Called Bond Service", 30 Montgomery Street, 10th Floor, Jersey City, NJ 07302, Attention: Editor; Kenny Information Services' "Called Bond Service," 65 Broadway, 16th Floor, New York, NY 10006; Moody's Investors Service "Municipal and Government," 99 Church Street, 8th Floor, New York, NY 10007, Attention: Municipal News Reports; Standard & Poor's Corporation "Called Bond Record," 25 Broadway, 3rd Floor, New York, NY 10004; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other services providing information with respect to called bonds as the Agency may designate in a Written Request of the Agency delivered to the Trustee.

*"Interest Account"* means the account by that name established and held by the Trustee pursuant to the Indenture.

*"Interest Payment Date"* means each June 1 and December 1, commencing December 1, 1993, so long as any of the Bonds remain unpaid under the Indenture.

*"Law"* means the Community Redevelopment Law of the State, constituting Part 1 of Division 24 of the California Health and Safety Code, and the acts amendatory thereof and supplemental thereto.

*"Low and Moderate Income Housing Fund"* means the fund of the Agency established by the Agency pursuant to section 33334.3 of the Law.

*"Maximum Annual Debt Service"* means, as of the date of any calculation, the largest Annual Debt Service during the current or any future Bond Year. For purposes of such calculation, there shall be excluded the principal of and interest on the Bonds to the extent proceeds of the Bonds are on deposit in the Special Escrow Fund and on any Parity Obligations to the extent the proceeds thereof are then deposited in an escrow fund.

*"Minimum Rating"* means a rating in one of the three highest Rating Categories by Moody's and S&P.

*"1993 Redevelopment Bond Proceeds Account"* means the separate account established and held by the Agency within the Redevelopment Fund, pursuant to the Indenture.

*"Original Purchaser"* means, collectively, Dean Witter Reynolds Inc., Rauscher Pierce Refsnes, Inc. and Donaldson, Lufkin & Jenrette Securities Corporation, the first purchaser of the Bonds upon their delivery by the Trustee on the Closing Date.

*"Outstanding"* when used as of any particular time with reference to Bonds, means (subject to the provisions of the Indenture) all Bonds except:

(a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation;

(b) Bonds paid or deemed to have been paid within the meaning of the Indenture; and

(c) Bonds in lieu of or in substitution for which other Bonds shall have been authorized, executed, issued and delivered by the Agency pursuant to the Indenture or any Supplemental Indenture.

*"Owner," "Bond Owner," "Registered Owner"* means any person who shall be the person in whose name the ownership of any Bond shall be registered on the Registration Books.

*"Parity Obligations"* means any loans, bonds, notes, advances or indebtedness payable from Tax Revenues on a parity with the Bonds issued or incurred pursuant to and in accordance with the provisions of the Indenture.



"Parity Instrument" means any resolution, indenture of trust, trust agreement or other instrument authorizing the issuance or incurrence of any Parity Obligations.

"Permitted Investments" means any of the following which at the time of investment are legal investments under the laws of the State for the moneys proposed to be invested therein:

(a) Federal Securities;

(b) debentures of the Federal Housing Administration;

(c) obligations of the following agencies which are not guaranteed by the United States of America: (i) participation certificates or debt obligations of the Federal Home Loan Mortgage Authority; (ii) consolidated system-wide bonds and notes of the Farm Credit Banks (consisting of Federal Land Banks, Federal Intermediate Credit Banks and Banks for Cooperatives); (iii) consolidated debt obligations or letter of credit-backed issues of the Federal Home Loan Banks; (iv) mortgage-backed securities (excluding stripped mortgage securities which are valued greater than par on the portion of unpaid principal) or debt obligations of the Federal National Mortgage Association; or (v) letter of credit-backed issues or debt obligations of the Student Loan Marketing Association;

(d) Federal funds, unsecured certificates of deposit, time deposits and bankers acceptances (having maturities of not more than 365 days) of banks the short-term obligations of which are rated in the highest Rating Category by Moody's and S&P;

(e) deposits which are fully insured by the Federal Deposit Insurance Authority ("FDIC");

(f) debt obligations (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date) rated in one of the three highest long-term Rating Categories by Moody's and S&P;

(g) commercial paper (having original maturities of not more than 365 days) rated in the highest Rating Category by Moody's and S&P;

(h) money market funds rated "A" or better by Moody's and S&P;

(i) repurchase agreements with

(i) any institution with long-term debt rated in one of the three highest Rating Categories by Moody's and S&P;

(ii) with any corporation or other entity that falls under the jurisdiction of the Federal Bankruptcy Code, provided that:

(A) the term of such repurchase agreement is less than one year or due on demand;

(B) the Trustee or a third party acting solely as agent for the Trustee has possession of the collateral;

(C) the market value of the collateral is maintained as follows:

(1) if valued daily and with a remaining maturity of (a) one year or less, at 102%; (b) five years or less, at 105%; (c) ten years or less, at 106%; (d) fifteen years or less, at 107%; and (e) thirty years or less, at 113%;

(2) if valued weekly and with a remaining maturity of (a) one year or less, at 103%; (b) five years or less, at 110%; (c) ten years or less, at 111%; (d) fifteen years or less, at 113%; and (e) thirty years or less, at 118%;

(3) if valued monthly and with a remaining maturity of (a) one year or less, at 106%; (b) five years or less, at 116%; (c) ten years or less, at 119%; (d) fifteen years or less, at 123%; and (e) thirty years or less, at 130%; and

(4) if valued quarterly and with a remaining maturity of (a) one year or less, at 106%; (b) five years or less, at 118%; (c) ten years or less, at 128%; (d) fifteen years or less, at 130%; and (e) thirty years or less, at 135%

(D) failure to maintain the requisite collateral levels will require the Trustee to liquidate the collateral immediately;

(E) the repurchase securities must be obligations of, or fully guaranteed as to principal and interest by, the United States of America; and

(F) the repurchase securities are free and clear of any third party lien or claim; or

(iii) with financial institutions insured by the FDIC or any broker-dealer with "retail customers" which falls under the jurisdiction of the Securities Investors Protection Corp. ("SIPC"), provided that

(A) the market value of the collateral is maintained as described in (ii)(C) above;

(B) the Trustee or a third party acting solely as agent for the Trustee has possession of the collateral;

(C) the Trustee has a perfected first priority security interest in the collateral;

(D) the collateral is free and clear of any third party lien or claim and, in the case of a broker-dealer with "retail customers" which falls under the jurisdiction of SIPC, the collateral was not acquired pursuant to a repurchase agreement or a reverse repurchase agreement;

(E) the repurchase securities must be obligations of, or fully guaranteed as to principal and interest by, the United States of America; and

(F) failure to maintain the requisite collateral levels will require the Trustee to liquidate the collateral immediately; and

(j) investment agreements, including guaranteed investment contracts, of institutions whose long-term debt or claims paying ability, at the time of investment, is rated in one of the two highest Rating Categories by Moody's and S&P, reviewed and approved by Moody's and S&P. In the event the rating of such Permitted Investment is declined below the "A" category by Moody's and S&P, the Agency shall be obligated to (i) require the provider thereof to post collateral sufficient to maintain the rating on the Bonds or (ii) liquidate such Permitted Investment and reinvest such moneys in Permitted Investments; and

(k) the Local Agency Investment Fund of the State of California, created pursuant to section 16429.1 of the California Government Code.

*"Plan Limit"* means the limitation contained in the Redevelopment Plan on the number of dollars of taxes which may be divided and allocated to the Agency pursuant to the Redevelopment Plan, as such limitation is prescribed by section 33333.2 of the Law.

*"Principal Account"* means the account by that name established and held by the Trustee pursuant to the Indenture.

*"Principal Payment Date"* means December 1 in each year in which any of the Bonds mature by their respective terms; and with respect to any Parity Obligations means the stated maturity date of such Parity Obligations.

*"Prior First Lien Bonds"* means the \$23,500,000 Golden State Redevelopment Project First Lien Tax Allocation Bonds, 1985 Series A, of which \$16,140,000 aggregate principal amount is outstanding on the Closing Date.

*"Prior First Lien Bonds Escrow Agreement"* means, the Escrow Deposit and Trust Agreement, dated the Closing Date, by and between the Agency and the Prior First Lien Bonds Escrow Bank, with respect to the establishment and administration of the Prior First Lien Bonds Escrow Fund for the purpose of accomplishing the advance refunding of the Prior First Lien Bonds.



*"Prior First Lien Bonds Escrow Bank"* means Bank of America National Trust and Savings Association, its successors and assigns, as escrow bank under the Prior First Lien Bonds Escrow Agreement.

*"Prior First Lien Bonds Escrow Fund"* means the fund by that name established and held by the Prior First Lien Bonds Escrow Bank pursuant to the Prior First Lien Bonds Escrow Agreement.

*"Prior Second Lien Bonds"* means the \$19,940,000 Golden State Redevelopment Project Second Lien Refunding Tax Allocation Bonds, 1985 Series A, of which \$16,345,000 aggregate principal amount is outstanding on the Closing Date.

*"Prior Second Lien Bonds Escrow Agreement"* means, the Escrow Deposit and Trust Agreement, dated the Closing Date, by and between the Agency and the Prior Second Lien Bonds Escrow Bank, with respect to the establishment and administration of the Prior Second Lien Bonds Escrow Fund for the purpose of accomplishing the advance refunding of the Prior Second Lien Bonds.

*"Prior Second Lien Bonds Escrow Bank"* means Bank of America National Trust and Savings Association, its successors and assigns, as escrow bank under the Prior Second Lien Bonds Escrow Agreement.

*"Prior Second Lien Bonds Escrow Fund"* means the fund by that name established and held by the Prior Second Lien Bonds Escrow Bank pursuant to the Prior Second Lien Bonds Escrow Agreement.

*"Proceeds"* when used with respect to the Bonds, means the face amount of the Bonds, plus accrued interest and original issue premium, if any, less original issue discount, if any.

*"Project"* means the undertaking of the Agency pursuant to the Redevelopment Plan and the Law for the redevelopment of the Project Area.

*"Project Area"* means the project area described in the Redevelopment Plan.

*"Rating Category"* means, with respect to any Permitted Investment, one of the generic categories of rating by Moody's or S&P applicable to such Permitted Investment, without regard to any refinement or graduation of such rating category by a plus or minus sign or a numeral.

*"Record Date"* means the close of business on the fifteenth (15th) calendar day of the month preceding each Interest Payment Date, whether or not such fifteenth (15th) calendar day is a Business Day.

*"Redemption Account"* means the account by that name established and held by the Trustee pursuant to the Indenture.

*"Redevelopment Fund"* means the fund by that name established and held by the Agency pursuant to the Indenture.

*"Redevelopment Plan"* means the Redevelopment Plan for the Golden State Redevelopment Project, approved by Ordinance No. 2269, adopted by the City Council of the City on December 22, 1970, as amended by Ordinance No. 2366, adopted by the City Council of the City on January 2, 1973, and as further amended by No. 3051, adopted by the City Council of the City on December 30, 1986, together with any amendments thereof at any time duly authorized pursuant to the Redevelopment Law.

*"Registration Books"* means the records maintained by the Trustee pursuant to the Indenture for the registration and transfer of ownership of the Bonds.

*"Report"* means a document in writing signed by an Independent Financial Consultant and including:

(a) a statement that the person or firm making or giving such Report has read the pertinent provisions of the Indenture to which such Report relates;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the Report is based; and



(c) a statement that, in the opinion of such person or firm, sufficient examination or investigation was made as is necessary to enable said consultant to express an informed opinion with respect to the subject matter referred to in the Report.

*"Reserve Account"* means the account by that name established and held by the Trustee pursuant to the Indenture.

*"Reserve Requirement"* means, as of any calculation date, an amount, calculated by or on behalf of the Agency, equal to Maximum Annual Debt Service. The Reserve Requirement as of the Closing Date is \$4,160,400.00. An additional amount of \$833,587.50 has been deposited in the Special Escrow Fund, all or a portion of which will be transferred to the Reserve Account on each Escrow Release Date.

*"S&P"* means Standard & Poor's Corporation, New York, New York.

*"Securities Depositories"* means The Depository Trust Company, 711 Stewart Avenue, Garden City, NY 11530, Fax (516) 227-4039 or 4190; Midwest Securities Trust Company, Capital Structures-Call Notification, 440 South LaSalle Street, Chicago, IL 60605, Fax (312) 663-2343; Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, PA 19103, Attention: Bond Department, Fax (215) 496-5058; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the Agency may designate in a Written Request of the Agency delivered to the Trustee.

*"Serial Bonds"* means all Bonds other than the Term Bonds.

*"Sinking Account"* means the account by that name established and held by the Trustee pursuant to the Indenture.

*"Special Escrow Fund"* means the fund by that name established and held by the Trustee pursuant to the Indenture.

*"Special Escrow Release Date"* means December 1, 1995, and each Interest Payment Date thereafter to and including June 1, 1998, and October 1, 1998.

*"Special Fund"* means the fund established and held by the Trustee pursuant to the Indenture.

*"State"* means the State of California.

*"Subordinate Obligations"* means any loans, bonds, notes, advances or indebtedness, which are secured by a pledge of or lien upon the Tax Revenues, which is subordinate to the pledge of and lien upon the Tax Revenues for the security of the Bonds and any Parity Obligations, issued or incurred pursuant to and in accordance with the provisions of the Indenture.

*"Supplemental Indenture"* means any resolution, agreement or other instrument then in full force and effect which has been duly adopted or entered into by the Agency; but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

*"Tax Code"* means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced in the Indenture) as it may be amended to apply to obligations issued on the Closing Date, together with applicable temporary and final regulations promulgated under the Tax Code.

*"Tax Revenue Certificate"* means a Written Certificate of the Agency identifying the amount of all Tax Revenues received or to be received by the Agency in the then current Fiscal Year and setting forth the additional matters required by the Indenture.

*"Tax Revenues"* means, except as provided below, moneys allocated within the Plan Limit and paid to the Agency derived from (a) that portion of taxes levied upon assessable property within the Project Area allocated to the Agency pursuant to Article 6 of Chapter 6 of the Law and Section 16 of Article XVI of the Constitution of the



State, or pursuant to other applicable State laws, and (b) reimbursements, subventions, excluding payments to the Agency with respect to personal property within the Project Area pursuant to section 16110, et seq., of the California Government Code, but including payments made by the State with respect to any property taxes that would otherwise be due on real or personal property but for an exemption of such property from such taxes, and including that portion of such taxes otherwise required by section 33334.3 of the Law to be deposited in the Low and Moderate Income Housing Fund, but only to the extent necessary to repay that portion of the Bonds and any Parity Obligations (including applicable reserves and financing costs) attributed to amounts deposited into the Low and Moderate Income Housing Fund for use pursuant to section 33334.2 of the Law to increase, improve or preserve the supply of low and moderate income housing within or of benefit to the Project Area; but excluding all other amounts of such taxes (if any) required to be deposited into the Low and Moderate Income Housing Fund of the Agency pursuant to section 33334.3 of the Law.

*"Term Bonds"* means the Bonds originally issued hereunder maturing on December 1, 2008, December 1, 2013, December 1, 2013 and December 1, 2024, and with respect to any Parity Obligations means such Parity Obligations which are payable on or before their specified Principal Payment Dates from sinking account payments established for that purpose and calculated to retire such Parity Obligations on or before their respective Principal Payment Dates.

*"Treasurer"* means the treasurer of the Agency appointed pursuant to the Law, or other duly appointed officer of the Agency authorized by the Agency by resolution or bylaw to perform the functions of the treasurer.

*"Trustee"* means First Interstate Bank of California, as trustee under the Indenture, or any successor thereto appointed as trustee under the Indenture in accordance with the provisions of the Indenture.

*"Trust Office"* means, with respect to the Trustee, such corporate trust office of the Trustee as may be designated from time to time by written notice from the Trustee to the Agency, initially being 707 Wilshire Boulevard, Los Angeles, California 90017.

*"Written Request of the Agency," Written Certificate of the Agency"* means a request or certificate, in writing signed by the Chairman, Executive Director, Treasurer or Secretary of the Agency or by any other officer of the Agency duly authorized by the Agency for that purpose.

## **THE INDENTURE**

### **Pledge of Tax Revenues**

The Bonds shall be secured by a first pledge of, lien on and security interest in (i) all of the Tax Revenues, and (ii) all of the moneys held from time to time in the Special Fund, including the Interest Account, the Principal Account, the Sinking Account, the Reserve Account and the Redemption Account, and the Special Escrow Fund. The Tax Revenues shall be allocated solely to the payment of the principal of and interest, and redemption premium, if any, on the Bonds and to the Reserve Account; except that out of the Tax Revenues there may be apportioned such amounts for such other purposes as are expressly permitted by the Indenture. The pledge and allocation of Tax Revenues is for the exclusive benefit of the Bonds and shall be irrevocable until all of the Bonds have been paid and retired or until moneys have been set aside irrevocably for that purpose.

### **Establishment of Funds and Accounts; Flow of Funds**

Redevelopment Fund. On the Closing Date the Agency shall deposit a portion of the proceeds of the Bonds into a separate account within the Redevelopment Fund, to be known as the "1993 Bond Proceeds Account", which shall be deemed to constitute a part of the Redevelopment Fund, but which shall be accounted for separate and apart from all other moneys credited to the Redevelopment Fund. Amounts on deposit in the 1993 Bond Proceeds Account shall be derived solely from the proceeds of the Bonds deposited therein pursuant to the Indenture and from the interest, profits and other income received from the investment of moneys in the 1993 Bond Proceeds Account. Amounts in the 1993 Bond Proceeds Account shall be used solely in the manner provided by the Redevelopment Law and the Redevelopment Plan to provide financing redevelopment purposes within the Project.

Costs of Issuance Fund. The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Written Request of the Agency stating



the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper charge against said fund. On the date six months following the Closing Date, or upon the earlier Written Request of the Agency stating that all known Costs of Issuance have been paid, all amounts, if any, remaining in the Costs of Issuance Fund shall be withdrawn therefrom by the Trustee and transferred to the Agency for deposit into the Redevelopment Fund.

Special Escrow Fund. Amounts in the Special Escrow Fund shall be applied as follows (except that all interest or gain from investment shall be deposited by the Trustee in the Interest Account):

(a) At least fifteen (15) days prior to a Special Escrow Release Date the Agency may file with the Trustee (and on which the Trustee may conclusively rely) a Tax Revenue Certificate accompanied by a Report of an Independent Financial Consultant which identifies (i) Maximum Annual Debt Service, (ii) the amount to be released from the Special Escrow Fund, and (iii) the new amount of the Reserve Requirement increased as a result of such release. Such Tax Revenue Certificate and Report shall also conclude that the amount of Tax Revenues identified in such Tax Revenue Certificate at least equals one hundred twenty-five percent (125%) of Maximum Annual Debt Service. For purposes of such conclusion, Tax Revenues shall be calculated in the same manner as permitted by for the issuance of Parity Obligations. On the Special Escrow Release Date following receipt of such Tax Revenue Certificate and Report, the Trustee shall withdraw from the Special Escrow Fund the amounts identified in such Report and (subject to the provisions of subsection (b) below) transfer such amount as follows:

(i) to the Reserve Account, an amount required to cause the balance therein to equal the increased Reserve Requirement identified in the Tax Revenue Certificate and Report; and

(ii) to the Agency for deposit in the Redevelopment Fund, the remaining balance.

(b) Any moneys remaining in the Special Escrow Fund on October 1, 1998 (and not released on such date, being the final Special Escrow Release Date), shall be transferred by the Trustee to the Redemption Account to be applied to the redemption of the Term Bonds maturing on December 1, 2024.

Special Fund. The Agency shall transfer all of the Tax Revenues received in any Bond Year to the Trustee for deposit in the Special Fund promptly upon receipt thereof by the Agency; provided, that the Agency shall not be obligated to deposit in the Special Fund in any Bond Year an amount of Tax Revenues which, together with other available amounts in the Special Fund, exceeds the amounts required to be transferred to the Trustee for deposit in the Interest Account, Principal Account, Sinking Account and the Reserve Account in such Bond Year. Any Tax Revenues received by the Agency during any Bond Year in excess of the amounts required to be transferred to the Trustee for deposit into the Interest Account, the Principal Account, the Sinking Account and the Reserve Account in such Bond Year, shall be released from the pledge, lien and security interest under the Indenture and may be used for any lawful purpose of the Agency.

All Tax Revenues and any other amounts at any time paid by the Agency and designated in writing for deposit in the Special Fund shall be held by the Trustee solely for the uses and purposes set forth in the Indenture. So long as any of the Bonds are Outstanding, the Agency shall not have any beneficial right or interest in the Tax Revenues, except only as provided in the Indenture.

Moneys in the Special Fund shall be transferred by the Trustee in the following amounts at the following times, for deposit by the Trustee in the following respective special accounts in the following order of priority, which special accounts are hereby created to be held in trust by the Trustee under the Indenture:

(a) Interest Account. One Business Day prior to each Interest Payment Date, the Trustee shall withdraw from the Special Fund and deposit in the Interest Account an amount which, when added to the amount contained in the Interest Account on that date, will be equal to the aggregate amount of the interest becoming due and payable on the Outstanding Bonds on such Interest Payment Date. No such deposit need be made to the Interest Account if the amount contained therein is at least equal to the interest to become due on the next succeeding Interest Payment Date. The Trustee shall also deposit in the Interest Account any other amounts received by it from the Agency designated by the Agency in writing for deposit in the Interest Account. All moneys in the Interest Account shall be used and withdrawn by the Trustee solely for the purpose of paying the interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to the Indenture).



(b) Principal Account. One Business Day prior to each Principal Payment Date, the Trustee shall withdraw from the Special Fund and deposit in the Principal Account an amount which, when added to the amount then contained in the Principal Account, will be equal to the principal becoming due and payable on the Outstanding Bonds on such Principal Payment Date. No such deposit need be made to the Principal Account if the amount contained therein is at least equal to the principal to become due on the next succeeding Principal Payment Date. The Trustee shall also deposit in the Principal Account any other amounts received by it from the Agency designated by the Agency in writing for deposit in the Principal Account. All moneys in the Principal Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal on the Bonds as it shall become due and payable.

(c) Sinking Account. One Business Day prior to each December 1 on which any Outstanding Bonds are subject to mandatory sinking account redemption, the Trustee shall withdraw from the Special Fund and deposit in the Sinking Account an amount which, when added to the amount then contained in the Sinking Account, will be equal to the aggregate principal amount of the Term Bonds required to be redeemed on the next succeeding December 1. All moneys on deposit in the Sinking Account shall be used and withdrawn by the Trustee for the sole purpose of redeeming or purchasing (in lieu of redemption) Term Bonds.

(d) Reserve Account. On each Interest Payment Date, the Trustee shall withdraw from the Special Fund and deposit in the Reserve Account an amount of money that shall be required to maintain in the Reserve Account an amount equal to the Reserve Requirement. No such deposit need be made to the Reserve Account so long as there shall be on deposit therein an amount, or a letter of credit, surety bond, bond insurance policy or other form of guaranty from a financial institution, as described below, in a principal amount, at least equal to the Reserve Requirement. All money or letter of credit, surety bond, bond insurance policy or other form of guaranty from a financial institution, as described below, in the Reserve Account shall be used and withdrawn or drawn upon, as the case may be, by the Trustee solely for the purpose of making transfers to the Interest Account, the Principal Account and the Sinking Account, in such order, in the event of any deficiency at any time in any of such accounts with respect to amounts due on the Bonds or for the retirement of all of the Bonds, except that so long as the Agency is not in default hereunder, any amount in the Reserve Account in excess of an amount equal to the Reserve Requirement shall be withdrawn from the Reserve Account by the Trustee on the Business Day preceding each January 1 and July 1 and deposited in the Interest Account to be used to make payment on the Bonds. All amounts in the Reserve Account on the day preceding the final Principal Payment Date, except amounts represented by a letter of credit, surety bond, bond insurance policy or other form of guaranty from a financial institution, as described below, shall be withdrawn from the Reserve Account and transferred either (i) to the Interest Account, the Principal Account and the Sinking Account, in such order, to the extent required to make the deposits then required to be made with respect to amounts due on the Bonds, or (ii) if the Agency shall have caused to be deposited in the Special Fund an amount sufficient to make the deposits required by the Indenture, then at the Written Request of the Agency to the Agency for any lawful purpose of the Agency.

At any time, moneys on deposit in the Reserve Account may, with the prior review and approval of Moody's and S&P, be substituted by the Agency with a letter of credit, surety bond, bond insurance policy or other form of guaranty from a financial institution, the long-term, unsecured obligations of which are rated not less than "A" by Moody's and S&P, in an amount equal to the Reserve Requirement, upon presentation to the Trustee of such letter of credit, surety bond, bond insurance policy or other form of guaranty from a financial institution, with evidence from the Agency that such letter of credit, surety bond, bond insurance policy or other form of guaranty from a financial institution satisfies the Minimum Rating requirement. Upon such substitution, the Trustee shall transfer amounts on deposit in the Reserve Account to the Agency for deposit in the Redevelopment Fund moneys in an amount equal to the maximum limits or principal amount, as applicable, of such letter of credit, surety bond, bond insurance policy or other form of guarantee.

(e) Redemption Account. On the Business Day preceding any date on which Bonds are to be redeemed, the Trustee shall withdraw from the Special Fund and deposit in the Redemption Account an amount required to pay the principal of and premium, if any, on the Bonds to be redeemed on such date, taking into account any funds then on deposit in the Redemption Account. The Trustee shall also deposit in the Redemption Account any other amounts received by it from the Agency designated by the Agency in writing to be deposited in the Redemption Account. All moneys in the Redemption Account shall be used and withdrawn by the Trustee solely for the purpose of paying the principal of and premium, if any, on the Bonds to be redeemed on the respective dates set for such redemption.



(f) Surplus. Except as may be otherwise provided in any Parity Obligations, the Agency shall not be obligated to transfer to the Trustee for deposit in the Special Fund in any Bond Year an amount of Tax Revenues which, together with other available amounts in the Special Fund, exceeds the amounts required in such Bond Year for the payment of the Outstanding Bonds. In the event that for any reason whatsoever any amounts shall remain on deposit in the Special Fund on any December 2 after making all of the transfers theretofore required to be made pursuant to the preceding clauses (a) and (b) and pursuant to any Parity Obligations, the Trustee shall withdraw such amounts from the Special Fund and transfer such amounts to the Agency, to be used for any lawful purposes of the Agency.

#### Investment of Funds

Moneys in the Special Fund, the Reserve Account, the Special Escrow Fund and the Costs of Issuance Fund shall be invested by the Trustee in Permitted Investments as specified by an authorized officer of the Agency in writing. In the absence of any such direction provided by an authorized officer of the Agency, the Trustee shall invest any such moneys in Permitted Investments described in clause (h) of the definition thereof which by their terms mature prior to the date on which such moneys are required to be paid out hereunder; *provided, however*, that in no event shall any one investment of moneys in the Reserve Account exceed five years in duration.

Obligations purchased as an investment of moneys in any fund shall be deemed to be part of such fund or account. Whenever in the Indenture any moneys are required to be transferred by the Agency to the Trustee, such transfer may be accomplished by transferring a like amount of Permitted Investments which by their terms mature prior to the date on which such moneys are required to be paid out hereunder. All interest or gain derived from the investment of amounts in any of the funds or accounts established hereunder (other than with respect to funds held by the Agency) shall be retained in the respective funds and accounts to be used for the purposes thereof; *provided, however*, that all interest or gain from the investment of amounts in the Reserve Account shall be deposited by the Trustee in the Interest Account, but only to the extent that the amount remaining in the Reserve Account following such deposit is equal to the Reserve Requirement.

#### Issuance of Parity Obligations

In addition to the Bonds, the Agency may, by Supplemental Indenture or otherwise, issue or incur other loans, advances or indebtedness payable from Tax Revenues on a parity with the Bonds to finance the Project in such principal amount as shall be determined by the Agency. The Agency may issue and deliver any such Parity Obligations subject to the following specific conditions which are hereby made conditions precedent to the issuance and delivery of such Parity Obligations:

(a) The Agency shall be in compliance with all covenants set forth in the Indenture;

(b) The Tax Revenues for the then current Fiscal Year based on assessed valuation of property in the Project Area as evidenced in a written document from an appropriate official of the County, plus at the option of the Agency the Additional Allowance, shall be at least equal to one hundred twenty-five percent (125%) of Maximum Annual Debt Service on all Bonds and Parity Obligations which will be Outstanding following the issuance of such Parity Obligations;

(c) The Supplemental Indenture or other document providing for the issuance of such Parity Obligations shall provide that:

(i) Interest on said Parity Obligations shall be payable on June 1 and December 1 in each year of the term of such Parity Obligations except the first twelve month period, during which interest may be payable on any June 1 or December 1;

(ii) The principal of such Parity Obligations shall be payable on December 1 in any year in which principal is payable; and

(iii) Money shall be deposited in the Reserve Account from the proceeds of the sale of said Parity Obligations in an amount necessary to increase the amount in the Reserve Account to the Reserve Requirement, taking into account the issuance or incurrence of the Parity Obligations;



(d) The Supplemental Indenture or other document providing for the issuance of such Parity Obligations may provide for the establishment of separate funds and accounts; and

(e) The aggregate amount of the principal of and interest on all Outstanding Bonds, Parity Obligations and Subordinate Obligations coming due and payable following the issuance of such Parity Obligations shall not exceed the maximum amount of Tax Revenues permitted under the Plan Limit to be allocated and paid to the Agency following the issuance of such Parity Obligations.

### **Subordinate Obligations**

In addition to the Bonds, the Agency may issue or incur Subordinate Obligations in such principal amount as shall be determined by the Agency. The Agency may issue and deliver any Subordinate Obligations subject to the following specific conditions which are hereby made conditions precedent to the issuance and delivery of such Subordinate Obligations :

(a) The Agency shall be in compliance with all covenants set forth in this Indenture; and

(b) The aggregate amount of the principal of and interest on all Outstanding Bonds, Parity Obligations and Subordinate Obligations coming due and payable following the issuance of such Subordinate Obligations shall not exceed the maximum amount of Tax Revenues permitted under the Plan Limit to be allocated and paid to the Agency following the issuance of such Subordinate Obligations.

### **Covenants of the Agency**

Punctual Payment. The Agency is required punctually to pay or cause to be paid the principal and interest to become due in respect of all of the Bonds, together with the premium thereon, if any.

Limitation on Superior Debt. The Agency covenants that, so long as the Bonds are Outstanding, the Agency shall not issue any bonds, notes or other obligations, enter into any agreement or otherwise incur any indebtedness, which is in any case secured by a lien on all or any part of the Tax Revenues which is superior to or on a parity with the lien established hereunder for the security of the Bonds, excepting only Parity Obligations. Nothing in this Indenture is intended or shall be construed in any way to prohibit or impose any limitations upon the issuance or incurrence by the Agency of Subordinate Obligations.

Extension of Bonds. The Agency may not, directly or indirectly, extend or consent to the extension of the time for payment of any Bond or claim for interest on any of the Bonds and may not, directly or indirectly, be a party to approve any such arrangement by purchasing or funding the Bonds or claims for interest or in any other manner.

Payment of Claims. The Agency is required to pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon its properties or upon the Tax Revenues or any part thereof, or upon any funds in the hands of the Trustee, or which might impair the security of the Bonds. The Agency in good faith may contest the validity of claims.

Books and Records. The Agency will keep, or cause to be kept, proper books of record and accounts, separate from all other records and accounts of the Agency and the City, in which complete and correct entries shall be made of all transactions relating to the Project, the Tax Revenues and the 1993 Bond Proceeds Account of the Redevelopment Fund. Such books of record and accounts shall at all times during business hours be subject to the inspection of the Owners of not less than ten percent (10%) in aggregate principal amount of the Bonds then Outstanding, or their representatives authorized in writing.

The Agency will cause to be prepared and filed with the Trustee annually, within one hundred and eighty (180) days after the close of each Fiscal Year so long as any of the Bonds are Outstanding, complete financial statements with respect to such Fiscal Year showing the Tax Revenues, all disbursements from the 1993 Bond Proceeds Account of the Redevelopment Fund and the financial condition of the Project, including the balances in all funds and accounts relating to the Project, as of the end of such Fiscal Year, which statement shall be accompanied by a certificate or opinion in writing of an Independent Accountant. The Agency will furnish a copy of such statements to any Bond Owner upon reasonable written request, at the expense of such Owner.



Protection of Security and Rights of Bond Owners. The Agency will preserve and protect the security of the Bonds and the rights of the Bond Owners. From and after the sale and delivery of any of the Bonds by the Agency, the Bonds will be incontestable by the Agency.

Payments of Taxes and Other Charges. The Agency will pay and discharge, or cause to be paid and discharged, all taxes, service charges, assessments and other governmental charges which may be lawfully imposed upon the Agency or its properties when the same shall become due.

Completion of Project. The Agency is required to commence and to continue to completion, with all practicable dispatch, the Project, and the Project will be accomplished and completed in a sound and economical manner and in conformity with the Redevelopment Plan and the Law.

Taxation of Leased Property. All amounts derived by the Agency pursuant to the Law as in lieu taxes with respect to the lease of property for redevelopment shall be treated as Tax Revenues for all purposes of the Indenture.

Disposition of Property. The Agency will not authorize the disposition of any land or real property in the Project Area to anyone which will result in such property becoming exempt from taxation because of public ownership or use or otherwise (except property dedicated for public right-of-way and except property planned for public ownership or use by the Redevelopment Plan in effect on the date of the Indenture) so that such disposition shall, when taken together with other such dispositions, aggregate more than 10% of the land area in the Project Area unless such disposition is permitted as provided in the Indenture. If the Agency proposes to make such a disposition, it shall thereupon appoint an Independent Financial Consultant to report on the effect of said proposed disposition. If the report of the Independent Financial Consultant concludes that the security of the Bonds or the rights of the Bond Owners will not be materially impaired by said proposed disposition, the Agency may thereafter make such disposition. If such report concludes that such security will be materially impaired by said proposed disposition, the Agency shall disapprove said proposed disposition.

Maintenance of Tax Revenues. The Agency shall comply with all requirements of the Law to insure the allocation and payment to it of the Tax Revenues, including without limitation the timely filing of any necessary statements of indebtedness with appropriate officials of the County and (in the case of supplemental revenues and other amounts payable by the State) appropriate officials of the State. The Agency shall not enter into any agreement with any other governmental unit which would have the effect of reducing the amount of Tax Revenues available to the Agency for payment of the Bonds, unless in the written opinion of an Independent Financial Consultant filed with the Trustee such reduction will not adversely affect the interests hereunder of or the security granted hereunder to the Bond Owners.

Compliance with the Law; Low and Moderate Income Housing Fund. The Agency shall ensure that all activities undertaken by the Agency with respect to the redevelopment of the Project Area are undertaken and accomplished in conformity with all applicable requirements of the Redevelopment Plan and the Law, including without limitation, duly noticing and holding any public hearing required by either section 33445 or 33679 of the Law prior to application of proceeds of the Bonds to any portion of the Project subject to either section 33445 or 33679 of the Law.

The Agency further covenants that it shall deposit or cause to be deposited in the Low and Moderate Income Housing Fund established pursuant to section 33334.3 of the Law, such amounts when, as and if required to be deposited therein pursuant to the Law and shall expend amounts deposited in the Low and Moderate Income Housing Fund, including, if applicable, without limitation, proceeds of the Bonds and of any Parity Obligations deposited therein, solely in accordance with section 33334.2 of the Law.

No Arbitrage. The Agency shall not take, nor permit nor suffer to be taken by the Trustee or otherwise, any action with respect to the proceeds of the Bonds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date would have caused the Bonds to be "arbitrage bonds" within the meaning of section 148 of the Tax Code.

Rebate Requirement. The Agency shall take any and all actions necessary to assure compliance with section 148(f) of the Tax Code, relating to the rebate of excess investment earnings, if any, to the federal government.



Private Activity Bond Limitation. The Agency shall assure that proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private business tests of section 141(b) of the Tax Code.

Private Loan Financing Limitation. The Agency shall assure that proceeds of the Bonds are not so used as to cause the Bonds to satisfy the private loan financing test of section 141(c) of the Tax Code.

Federal Guarantee Prohibition. The Agency shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause any of the Bonds to be "federally guaranteed" within the meaning of section 149(b) of the Tax Code.

Maintenance of Tax-Exemption. The Authority shall take all actions necessary to assure the exclusion of interest on the Bonds from the gross income of the Owners of the Bonds to the same extent as such interest is permitted to be excluded from gross income under the Tax Code as in effect on the Closing Date.

Further Assurances. The Agency is required to adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or the facilitate the performance of the Indenture.

### **Amendment of Indenture**

The Indenture and the rights and obligations of the Agency and of the Owners of the Bonds may be modified or amended by the Agency at any time by the execution of a Supplemental Indenture, but only pursuant to the affirmative vote at a meeting of Bond Owners, or with the written consent without a meeting, of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Indenture. Any such Supplemental Indenture shall become effective upon the execution and delivery thereof by the parties thereto and upon consent of the requisite number of Bond Owners pursuant to the Indenture. No such modification or amendment shall (a) extend the Principal Payment Date of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the Agency to pay the principal thereof, or interest thereon, or any premium payable on the redemption thereof, at the time and place and at the rate and in the currency provided therein, without the written consent of the Owner of such Bond, or (b) permit the creation by the Agency of any mortgage, pledge or lien upon the Tax Revenues superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as expressly permitted by this Indenture), or reduce the percentage of Bonds required for the affirmative vote or written consent to an amendment or modification, or (c) modify any of the rights or obligations of the Trustee without its written consent thereto.

The Indenture and the rights and obligations of the Agency and of the Owners of the Bonds may also be modified or amended at any time by a Supplemental Indenture, without the consent of any Owners of the Bonds, but only to the extent permitted by law and only for any one or more of the following purposes:

(a) to add to the covenants and agreements of the Agency in this Indenture contained, other covenants and agreements thereafter to be observed, or to surrender any right or power herein reserved to or conferred upon the Agency;

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting or supplementing any defective provision contained in this Indenture, or otherwise to modify or amend any other provision of this Indenture as the Agency may deem necessary or desirable, provided in any case that such amendment shall not materially adversely affect the interests of the Owners of the Bonds;

(c) to provide for the issuance of any Parity Obligations, and to provide the terms and conditions under which such Parity Obligations may be issued, subject to and in accordance with the provisions of the Indenture;

(d) to make modifications not adversely affecting any outstanding Bonds of the Agency in any material respect;

(e) to make such additions, deletions or modifications as may be necessary to assure compliance with section 148 of the Tax Code relating to required rebate of excess investment earnings to the United States or otherwise as may be necessary to assure exclusion from gross income for federal income tax purposes of interest on the Bonds or to conform with applicable Tax Regulations;



(f) to provide for delivery of a letter of credit, a bond insurance policy or surety for the Reserve Requirement.

#### **Events of Default; Remedies of Bond Owners**

Events of Default Defined. The following events constitute Events of Default under the Indenture:

(a) if default shall be made in the due and punctual payment of the principal of or interest or redemption premium (if any) on any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) if default shall be made by the Agency in the observance of any of the covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, other than a default described in the preceding clause (a), and such default shall have continued for a period of sixty (60) days following the receipt by the Agency of written notice from the Trustee or any Bond Owner of the occurrence of such default; *provided, however*, that if in the reasonable opinion of the Agency the failure stated in such notice can be corrected, but not within such sixty (60) day period, the Trustee shall not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the Agency within such sixty (60) day period and diligently pursued until such failure is corrected; or

(c) if the Agency shall file a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America, or if a court of competent jurisdiction shall approve a petition, filed with or without the consent of the Agency, seeking reorganization under the federal bankruptcy laws or any other applicable law of the United States of America, or if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Agency or of the whole or any substantial part of its property.

Remedies. If an Event of Default has occurred under the Indenture and is continuing, the Trustee may, and if requested in writing by the Owners of a majority in aggregate principal amount of the Bonds then Outstanding the Trustee shall, (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, anything in this Indenture or in the Bonds to the contrary notwithstanding, and (b) subject to the provisions of the Indenture, exercise any other remedies available to the Trustee and the Bond Owners in law or at equity.

Immediately upon obtaining actual knowledge of the occurrence of an Event of Default, the Trustee shall give notice of such Event of Default to the Agency by telephone confirmed in writing. Such notice shall also state whether the principal of the Bonds shall have been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (a) or (c) above the Trustee shall, and with respect to any Event of Default described in clause (b) above the Trustee in its sole discretion may, also give such notice to the Owners of the Bonds in the same manner as provided herein for notices of redemption of the Bonds, which shall include the statement that interest on the Bonds shall cease to accrue from and after the date, if any, on which the Trustee shall have declared the Bonds to become due and payable pursuant to the preceding paragraph.

Limitation on Bond Owners' Right to Sue. No Owner of any Bond has the right to institute any suit, action or proceeding at law or in equity, for any remedy under the Indenture, unless (a) such Owner has previously given to the Trustee written notice of the occurrence of an Event of Default; (b) the Owners of a majority in aggregate principal amount of all the Bonds then outstanding have requested the Trustee in writing to exercise its powers under the Indenture; (c) said Owners have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and (d) the Trustee has refused or failed to comply with such request for a period of 60 days after such written request has been received by the Trustee and said tender of indemnity is made to the Trustee.

Non-Waiver. A waiver of any Event of Default by any Bond Owner will not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner of any of the Bonds to exercise any right or power accruing upon any Event of Default will impair any such right or power or be construed to be a waiver of any such Event of Default.



Actions by Trustee as Attorney-in-Fact. Any suit, action or proceeding which any Owner of Bonds has the right to bring to enforce any right or remedy under the Indenture may be brought by the Trustee for the equal benefit and protection of all Owners of Bonds similarly situated and the Trustee is appointed the attorney-in-fact of the respective Owners of the Bonds for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners of the Bonds as a class or classes, as may be necessary or advisable in the opinion of the Trustee.

#### **Discharge of Indenture**

The Agency may pay and discharge the indebtedness on all or any portion of outstanding Bonds in any one or more of the following ways:

(a) by well and truly paying or causing to be paid the principal of and interest and premium (if any) on all or such portion of the Bonds Outstanding, as and when the same become due and payable;

(b) by irrevocably depositing with the Trustee, in trust, at or before maturity, money which, together with the available amounts then on deposit in the funds and accounts established pursuant to this Indenture, is fully sufficient to pay all or such portion of the Bonds Outstanding, including all principal, interest and redemption premiums; or

(c) by irrevocably depositing with the Trustee, in trust, Federal Securities in such amount as an Independent Accountant shall determine will, together with the interest to accrue thereon and available moneys then on deposit in the funds and accounts established pursuant to this Indenture, be fully sufficient to pay and discharge the indebtedness on all or such portion of the Bonds (including all principal, interest and redemption premiums) at or before maturity;

Upon such payment, and notwithstanding that any Bonds have not been surrendered for payment, the pledge of the Tax Revenues and other funds provided for in the Indenture and all other obligations of the Agency under the Indenture with respect to the Bonds so defeased will cease and terminate, except only the obligation of the Trustee to transfer and exchange such Bonds and to pay or cause to be paid to the Owners of such Bonds all sums due thereon.

#### **THE ESCROW AGREEMENTS**

Pursuant to the Prior First Lien Bonds Escrow Agreement, a portion of the proceeds of the Bonds deposited in the Prior First Lien Bonds Escrow Fund will be applied by the Prior First Lien Bonds Escrow Bank, together with other amounts, to the purchase of United States Treasury Securities-State and Local Government Series, or other obligations for which the full faith and credit of the United States of America is pledged for the payment of principal and interest. The Prior First Lien Bonds Escrow Bank will apply the maturing principal of such securities and the receipt of interest thereon at such times and in such amounts that sufficient moneys shall be available to pay, when due, principal and interest due with respect to the Prior First Lien Bonds to and including December 1, 1995, and to redeem all outstanding Prior First Lien Bonds in full on December 1, 1995, at the redemption price of 102% of the principal amount thereof, plus accrued interest.

Pursuant to the Prior Second Lien Bonds Escrow Agreement, a portion of the proceeds of the Bonds deposited in the Prior Second Lien Bonds Escrow Fund will be applied by the Prior Second Lien Bonds Escrow Bank, together with other amounts, to the purchase of United States Treasury Securities-State and Local Government Series, or other obligations for which the full faith and credit of the United States of America is pledged for the payment of principal and interest. The Prior Second Lien Bonds Escrow Bank will apply the maturing principal of such securities and the receipt of interest thereon at such times and in such amounts that sufficient moneys shall be available to pay, when due, principal and interest due with respect to the Prior Second Lien Bonds to be refunded to and including December 1, 1995, and to redeem all outstanding Prior Second Lien Bonds to be refunded in full on December 1, 1995, at the redemption price of 102% of the principal amount thereof, plus accrued interest.

